2024年度報告

ANNUAL REPORT

融創服務控股有限公司
SUNAC SERVICES HOLDINGS LIMITED
（於開曼群島註册成立的有限責任公司）
(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)

STOCK CODE 股份代號：01516.HK

SUNAC SERVICES HOLDINGS LIMITED
融創服務控股有限公司

融創服務控股有限公司（「本公司」，連同其附屬公司統稱為「本集團」）是一家於香港聯合交易所有限公司（「聯交所」）主板上市的公司。

本集團自成立以來，聚焦核心城市中高端物業，踐行高質量發展戰略，佈局物業管理及商業運營綜合服務兩大業務板塊，逐步確立了行業領先地位。本集團始終以「至善 • 致美」為服務理念，為客戶提供全面的高品質物業服務，致力於成為「中國品質服務首選品牌」。

Sunac Services Holdings Limited (the "Company", together with its subsidiaries, the "Group") is a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Since its establishment, the Group has focused on mid-to-high-end properties in core cities, adhered to the strategy of high quality development, and developed two main business segments of property management and comprehensive commercial operational services, owing to which, the Group has established its leading position in the industry gradually. In pursuit of its service philosophy of "commitment to excellence and beauty" (至善 • 致美), the Group offers a full range of high-quality property services to its customers and is dedicated to becoming the "Best Quality Service Provider in China".

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CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Mr. Wang Mengde

EXECUTIVE DIRECTORS

Ms. Cao Hongling *(Chief Executive Officer)*
Ms. Yang Man

NON-EXECUTIVE DIRECTORS

Mr. Lu Peng
Mr. Gao Xi

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

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

COMPANY SECRETARY

Mr. Zhang Xiaoming

AUTHORISED REPRESENTATIVES

Ms. Yang Man
Mr. Zhang Xiaoming

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

25th Floor, Block O1A
Sunac Center
No. 278 Hongqi Road
Nankai District
Tianjin
PRC

CORPORATE INFORMATION

REGISTERED OFFICE

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

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR

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

LEGAL ADVISER

Sidley Austin

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

PRINCIPAL BANKERS

Industrial and Commercial Bank of China
China Construction Bank

STOCK CODE

HKSE: 01516

COMPANY'S WEBSITE

www.sunacservice.com

FINANCIAL SCHEDULE

2024 Annual Results Announcement	24 March 2025
The register of members will be closed for determining the eligibility to attend 2025 AGM	19 May 2025 to 22 May 2025 (both dates inclusive)
2025 AGM	22 May 2025
The register of members will be closed for determining of entitlement to the final dividend	29 May 2025 to 2 June 2025 (both dates inclusive)
Distribution of the final dividend	On or about 6 June 2025

FINANCIAL SUMMARY

CONSOLIDATED RESULTS

	Year ended 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**6,969,501**	7,009,517	7,126,161	7,903,674	4,625,166
Gross profit	**1,527,273**	1,667,860	1,604,439	2,490,970	1,275,697
(Loss)/profit for the year	**(433,139)**	(393,183)	(462,396)	1,358,494	621,631
(Loss)/profit attributable to owners of the Company	**(451,197)**	(435,068)	(481,902)	1,276,326	596,799
Basic (losses)/earnings per share attributable to owners of the Company (RMB)	**(0.15)**	(0.14)	(0.16)	0.41	0.25
Dividend per share (RMB)	**0.143**	0.143	0.137	0.124	0.058

CONSOLIDATED FINANCIAL POSITION

	As at 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	**10,590,345**	11,644,829	12,493,457	13,468,266	12,959,461
Total equity	**5,319,376**	6,237,506	7,769,029	8,672,987	9,731,155
Total liabilities	**5,270,969**	5,407,323	4,724,428	4,795,279	3,228,306

CHAIRMAN'S STATEMENT

Dear Shareholders,

I would like to present to you the business review of the Company for the year ended 31 December 2024 (the "Year") and the outlook for 2025.

REVIEW OF 2024

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

In 2024, the Group continued to optimize its business structure, with non-related parties business achieving steady growth. The Group's revenue for 2024 reached approximately RMB6.970 billion, of which revenue from non-related parties amounted to approximately RMB6.802 billion, representing a year-on-year increase of about 5.6% and accounting for approximately 98% of the total revenue. The Group effectively managed its related party business, with trade receivables from related parties continuing to decline, further narrowing the exposure to impairment risks. As of the end of 2024, the total trade receivables from related parties decreased by approximately RMB131 million to approximately RMB3.286 billion compared to the end of 2023. The balance after impairment provisions stood at approximately RMB591 million, of which the unsecured amount was approximately RMB181 million. As of the end of 2024, the Group's available funds[1] balance was approximately RMB4.069 billion, providing ample financial support for the Group's sustained development.

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

Note:

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

CHAIRMAN'S STATEMENT

In terms of market expansion, since 2023, the Group has adjusted its strategy to firmly focus on core cities and key business segments[2], as well as to deepen relationships with major clients, achieving initial results this year. In 2024, the contract value from core cities accounted for approximately 98% of the total, an increase of about 6 percentage points compared to the previous year. The management density of core cities was significantly improved, with the project density per city increasing by approximately 11% compared with that before the strategic adjustment in 2022. The contract value from key business segments accounted for about 80%, up by around 19 percentage points year-on-year, with the saturated revenue from these segments increasing to approximately 96%. Premium major customers further drove performance growth, projects with contract values exceeding RMB10 million accounted for about 49% of the total, with the number of major customers growing by approximately 84% compared with that of 2022. Despite the intense market environment, the newly secured contract value remained stable year-on-year, while the quality of expansion projects continued to maintain high standards.

In terms of community living services, the Group has focused on addressing the needs of property owners and leveraging its strengths in property management to explore the value of property owners, create competitive products and build competitive advantage in the long-tail market of property management. The Group strove to explore the potential value of its property owner resource business[3], which generated revenue of approximately RMB220 million, a year-on-year increase of about 5%, accounting for approximately 50% of the total revenue from the community living services, an increase of 6 percentage points compared to the previous year. The Group attached great importance to the needs of property owners, with a significant increase in the number of property owners and notable improvements product penetration rate and project coverage rate. Leveraging on the strengths of property services integration, the Group fully motivated the enthusiasm of front-line employees of core business through providing strong support for them to reach property owners, reusing property employees and recruiting property owners as product evaluators. The number of front-line employees participating in marketing increased by approximately 25% year-on-year, while the actual commission ratio rose by about 0.5 percentage points. The proportion of total revenue generated by the front-line employees' distribution efforts grew by around 24 percentage points. The Group has built a competitive edge in products and services, creating reliable, convenient and cost-effective flagship products, and letting property owners feel at ease, worry-free and happy.

We believe that the operational pressures brought about by environmental changes are temporary. With a solid foundation, steady development, and a promising future, the Group has proposed to declare a final dividend for 2024 of RMB14.3 cents per share, totalling approximately RMB437 million. This amount represents about 55% of the core net profit attributable to the owners of the Company[4] for 2024, with a dividend yield[5] reaching approximately 9.5%.

Notes:

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

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

4: It refers to the core net profit attributable to the owners of the Company, excluding the impairment provision for receivables, share award scheme expenses, unrealised gains and losses on changes in fair value from financial assets at fair value through profit or loss, amortisation expenses of intangible assets (brands, contracts and customer relationships) arising from acquisitions and mergers, gains and losses on changes in fair value of investment properties and goodwill and other intangible assets impairment.

5: Based on the closing price on the trading day prior to the release of the annual results announcement of the Company for the year ended 31 December 2024 (i.e. 21 March 2025).

OUTLOOK FOR 2025

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

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

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

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

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

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

Sunac Services Holdings Limited
Wang Mengde
Chairman of the Board

Hong Kong, 24 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

1. REVENUE

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

By source:

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

By business line:

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

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

Property management and operational services

For the year ended 31 December 2024, the Group's revenue from property management and operational services was approximately RMB6,379.6 million, representing an increase of approximately RMB221.0 million (approximately 3.6%) as compared with that for the year ended 31 December 2023, which was mainly attributable to the increase in GFA under management that is in line with the Group's business expansion. By source of projects, revenue from properties developed by the Sunac Group, its joint ventures and associates[1] was approximately RMB4,604.1 million, accounting for approximately 72.2%; revenue from properties developed by independent third party property developers[2] was approximately RMB1,775.5 million, accounting for approximately 27.8%. By type of projects, revenue from residential properties was approximately RMB5,239.3 million, accounting for approximately 82.1%; revenue from non-residential properties was approximately RMB1,140.3 million, accounting for approximately 17.9%.

Community living services

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

The following table sets forth the components of the Group's revenue from community living services for the years indicated:

	For the year ended 31 December			
	2024		2023	
	RMB'000	**%**	RMB'000	%
Convenience services	**215,841**	**48.7**	216,348	45.7
Space operation services	**117,190**	**26.5**	143,142	30.2
Property interior decoration services	**65,726**	**14.8**	58,640	12.4
Property agency services	**44,217**	**10.0**	55,646	11.7
Total	**442,974**	**100.0**	473,776	100.0

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

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

Notes:

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

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

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

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

Value-added services to non-property owners

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

The following table sets forth the components of the Group's revenue from value-added services to non-property owners for the years indicated:

	For the year ended 31 December			
	2024		2023	
	RMB'000	**%**	RMB'000	%
Sales assistance services	**64,552**	**43.9**	182,271	48.3
Consultancy and other value-added services	**73,577**	**50.1**	166,539	44.2
Others	**8,771**	**6.0**	28,284	7.5
Total	**146,900**	**100.0**	377,094	100.0

2. COST OF SALES

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

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

3. GROSS PROFIT AND GROSS PROFIT MARGIN

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

The following table sets forth the details of the Group's gross profit and gross profit margin by business lines for the years indicated:

	For the year ended 31 December			
	2024		2023	
	Gross Profit RMB'000	**Gross Profit Margin %**	Gross Profit RMB'000	Gross Profit Margin %
Property management and operational services	**1,332,220**	**20.9**	1,468,576	23.8
Community living services	**153,673**	**34.7**	150,267	31.7
Value-added services to non-property owners	**41,380**	**28.2**	49,017	13.0
Total	**1,527,273**	**21.9**	1,667,860	23.8

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

4. ADMINISTRATIVE EXPENSES

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

5. SELLING AND MARKETING EXPENSES

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

6. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

For the year ended 31 December 2024, the Group's net impairment losses on financial assets amounted to approximately RMB1,388.0 million, which was mainly attributable to the impairment of trade receivables of RMB1,087.2 million, of which, the net impairment losses on trade receivables from related parties amounted to approximately RMB763.2 million, while the net impairment losses on trade receivables from third parties amounted to approximately RMB324.0 million. During the Year, in light of continued downward movement of market conditions in the real estate industry, the Group further made impairment provisions on trade and other receivables from related parties for the sake of prudence. In addition, the rate of repayment from third-party property owners for whom the Group provides property management and operational services has slowed down, resulting in an increase in the credit risk of the Group's trade and other receivables from third parties and hence an increase in the provision for impairment. For the year ended 31 December 2023, the Group's net impairment losses on financial assets amounted to approximately RMB850.2 million. Further details of the net impairment losses on financial assets are set out in notes 3.1(b)(ii) and 7 to the consolidated financial statements of the Group.

The Group appointed Avista Business Consulting (Beijing) Co., Ltd. (the "Independent Valuer") as an independent valuer to issue a valuation report on expected credit losses of the Group's financial assets (the "Valuation Report"). The Group's assessment results of the impairment of financial assets were obtained after taking into account the content of the valuation report.

For trade receivables, the Group divided them into groups based on common credit risk characteristics and aging analysis to measure expected credit losses. For trade receivables from related parties, the calculation of the expected credit losses was based on the credit risk characteristics of the counterparty, that's the public information of its defaulted publicly traded bonds, or the credit rating of comparable companies and relative probability of default. In addition, forward-looking adjustments were considered, including the impact of general economic conditions. For trade receivables from third parties, the calculation of expected credit losses was based on the Group's historical aging profile of the receivables and forward-looking adjustments, including the impact of general economic conditions.

The Independent Valuer selected an appropriate impairment model to assist in calculating the expected credit losses, and made forward-looking adjustments based on the future expectations of macro factors. The relevant parameters were updated based on relevant reasonable and well-founded information available as of 31 December 2024. The specific evaluation methods and key parameters are set out below:

1) Migration Rate Method

(i) Applicable scenarios: Scenarios where there is sufficient historical reference data on collections and the risk of expected credit losses is relatively low;

(ii) Calculation method: Expected Credit Loss Rate = Historical Loss Rate * (1 + Forward-looking Factor);

(iii) Key parameters:

(a) Historical Loss Rate: Based on the Company's history, the migration rate model was adopted to calculate the historical loss rate corresponding to trade receivables under each aging period, which was 19.6% as of 31 December 2024;

(b) Forward-looking Factor: China's Gross Domestic Product (GDP) and the annual Consumer Price Index (CPI) were used as the key market data, and a forward-looking factor of 16% was finally obtained through regression analysis;

2) External Rating Method

(i) Applicable scenarios: Scenarios where there is a lack of historical reference data on collections;

(ii) Calculation method: Expected Credit Loss Rate = Probability of Default * Loss Given Default * (1 + Forward-looking Factor);

To measure expected credit losses, the corresponding probability of default and loss given default were inquired and adjusted based on the credit rating of the counterparty and the statistical data of Moody's Annual Default Study, and the forward-looking factor was also adjusted;

(iii) Key parameters:

(a) Probability of Default and Loss Given Default: For the ratings of related parties, based on Moody's description of the rating definition and prudence, it is benchmarked against the lowest level in the B category, that is, the B3 level. The corresponding probability of default for 1-year term unsecured loans was 3.38%, and the loss given default was 63.5%. For the ratings of third parties, the credit rating is confirmed based on their relevant information (including the industry they were in, whether there were public litigations, equity mortgage/pledge, collections, etc.). For counterparties that cash still couldn't be collected from them and had a large amount of negative information, a probability of default of 100% was applied. For the ratings of other counterparties determined according to their credit risk characteristics, the average 1-year probability of default corresponding to each rating/industry disclosed in Moody's Annual Default Study was adopted; according to the 1-year loan recovery rate of each rating/industry disclosed in Moody's Annual Default Study, the loss given default (LGD) was confirmed as LGD = 1 – Loan Recovery Rate;

(b) Forward-looking Factor: For counterparties which were mainly in the real estate industry, the Group adopted China's Gross Domestic Product (GDP), the growth rate of the Producer Price Index (PPI), and the Real Estate Industry Index (TSN) as the key market data, and finally obtained a forward-looking factor of 19% through regression analysis; for counterparties which were in other industries, the Group adopted China's Gross Domestic Product (GDP) and the annual Consumer Price Index (CPI) as the key market data, and finally obtained a forward-looking factor of 16% through regression analysis;

3) Based on the Management's Best Estimate of the Loss Given Default after the Forward-Looking Forecast

(i) Applicable scenarios: Scenarios where a material default has already occurred;

(ii) Calculation method: Expected Credit Loss Rate = Probability of Default * Loss Given Default after Forward-looking Forecast * Scenario Probability;

The management of the Group estimated the expected loss given default based on the information on relevant public bonds issued by Sunac China that experienced a material default and had market transaction prices recently. Based on the management's best estimate, the recovery time limits and corresponding probabilities under the pessimistic, benchmark, and optimistic scenarios were considered respectively, and a certain weight was given to each scenario;

(iii) Key parameters:

(a) Probability of Default: Since this part of the receivables was already overdue, the probability of default under this method was 100%;

(b) Loss Given Default after Forward-looking Forecast: it was estimated based on objective factors such as the fact of re-default, extended repayment plans for publicly traded bonds in the market and bond prices, and the management's judgment. As of December 31, 2024, it was 94.4% – 96.1%;

(c) Scenario Probability: Based on the management's best estimate, the recovery time limits and corresponding probabilities under the pessimistic, benchmark, and optimistic scenarios were considered respectively; and each scenario probability was judged by referring to the macro-economy, policy orientation and overall performance of of the real estate industry, and the actual receivable collections from related parties.

Compared with 31 December 2023, the changes in the Independent Valuer's calculation parameters were changes in market data, updates of the management's best estimate, and changes in historical financial data.

7. FINANCE INCOME, NET

The Group's finance income mainly represents the interest income on bank deposits, and finance costs mainly represent the Group's interest of lease liabilities charged to profit or loss over the lease period under certain of its lease arrangements.

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

8. NET LOSS

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

9. INTANGIBLE ASSETS

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

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

10. TRADE AND OTHER RECEIVABLES

Trade and other receivables include trade receivables and other receivables.

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

11. TRADE AND OTHER PAYABLES

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

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

12. AVAILABLE FUNDS, FINANCIAL AND CAPITAL RESOURCES

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

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

As at 31 December 2024, the Group had no loans or borrowings (31 December 2023: Nil), the gearing ratio (as calculated by dividing total borrowings less lease liabilities by total equity as at the date indicated and multiplied by 100%) was nil (as at 31 December 2023: Nil).

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

13. INTEREST RATE RISK

As the Group has no material interest-bearing assets and liabilities, the Group's income and operating cash flows are substantially independent from changes in market interest rates.

14. FOREIGN EXCHANGE RISKS

The Group's operating activities are principally conducted in the People's Republic of China (the "PRC") and most of its operations are denominated in RMB. The Group will closely monitor the fluctuations of the RMB exchange rate and give prudent consideration as to entering into currency swap arrangement as and when appropriate for hedging corresponding risks. As at 31 December 2024, the Group had no significant foreign exchange risk and had not engaged in hedging activities for managing foreign exchange risk.

15. PLEDGE OF ASSETS

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

16. CONTINGENT LIABILITIES

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

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

As at the date of this report, the biographical details of directors ("Director") and senior management of the Company set out below:

CHAIRMAN OF THE BOARD AND NON-EXECUTIVE DIRECTOR

Mr. Wang Mengde, aged 54, is the chairman of the Board, a non-executive Director and the chairperson of the nomination committee (the "Nomination Committee") of the Company. He is responsible for providing guidance and formulating development strategies for the overall development of the Group. Mr. Wang has been the chairman of the Board and a non-executive Director of the Company since August 2020. Mr. Wang has over 20 years of experience in the real estate industry in China. Mr. Wang joined Sunac Group in October 2006 as the chief financial officer and vice president of Sunac Group where he was responsible for matters in relation to finance and audit. He has been an executive director of Sunac China since 2007, and an executive president and the chief executive officer of Sunac Group since 2011 and 2015, respectively, and has been responsible for strategic decisions, business planning and major operational decisions. Mr. Wang graduated from Nankai University (南開大學) in the PRC with a bachelor's degree in auditing in June 1997.

EXECUTIVE DIRECTORS

Ms. Cao Hongling, aged 50, is an executive Director, the chief executive officer, the chairperson of the environmental, social and governance ("ESG") committee (the "ESG Committee") and a member of the remuneration committee (the "Remuneration Committee") of the Company. Ms. Cao has been a Director of the Company since January 2019, and was re-designated as an executive Director and appointed as the chief executive officer in August 2020. Ms. Cao is mainly responsible for the daily operations, formulation of the overall strategy, business planning and operational decisions of the Group. Ms. Cao joined Sunac Group in February 2007 and served as the chief financial officer of Sunac Group from 2015 to 2019. After joining Sunac Group, Ms. Cao successively served as the general manager of the financial management centre, the general manager of the costing, tendering and procurement centre and the general manager of the financing management centre of Sunac Group, and also successively supervised the affairs of the information management department and internal audit department of Sunac Group. Ms. Cao obtained a bachelor's degree in accounting from Tianjin University of Finance and Economics (天津財經大學) in the PRC in July 1998. Ms. Cao is an associate of The Chinese Institute of Certified Public Accountants (中國註冊會計師協會).

Ms. Yang Man, aged 43, is an executive Director, the chief financial officer and a member of the ESG Committee of the Company and the senior vice president of the Group. Ms. Yang was appointed as a general manager of the financial management department of the Group in April 2018 and was appointed as an assistant to the president of the Group in January 2019. She was appointed as the vice president of the Group in April 2020, and was appointed as an executive Director and the chief financial officer of the Company in August 2020, and was then appointed as the senior vice president of the Group in February 2024, being responsible for managing financial and legal management center, Board's office, internal control audit center and working groups relating to living service of the Group. Prior to joining the Group, she worked in PricewaterhouseCoopers ZhongTian LLP until January 2018 where her last position was senior audit manager. Ms. Yang has been a member of the Association of Chartered Certified Accountants (ACCA) (特許公認會計師公會), a member of the Certified General Accountants Association of Canada (加拿大註冊會計師協會) since May 2010, and a member of The Chinese Institute of Certified Public Accountants (中國註冊會計師協會) since April 2013. Ms. Yang obtained a bachelor's degree and a master's degree in accountancy from Nankai University (南開大學) in the PRC in June 2004 and June 2006, respectively.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTORS

Mr. Lu Peng, aged 49, is a non-executive Director of the Company, and is responsible for providing guidance for the development of the commercial management business of the Group. Mr. Lu was appointed as a non-executive Director of the Company in November 2021. He joined the Sunac Group in 2003 and was responsible for core business areas, such as building benchmark residential projects, establishing Sunac's product portfolio, investment and mergers and acquisitions, and expanding its presence in industrial development successively. In recent years, he devoted himself to the development of the cultural & tourism industry and led many large-scale cultural & tourism complex projects, and had extensive management experience in the synergetic development of the industry and cross-sector. Mr. Lu currently serves as the executive president of the Sunac Group and the general manager of Bonski. Mr. Lu graduated from the School of Materials of Tianjin University (天津大學) in 1999.

Mr. Gao Xi, aged 44, is a non-executive Director of the Company, and is responsible for providing guidance and formulating development strategies for the overall development of the Group. Mr. Gao was appointed as a non-executive Director of the Company in August 2020. Mr. Gao joined Sunac Group in December 2007, and has held different positions in the capital operations centre, financial management department and financing management department of Sunac Group since then. Mr. Gao currently serves as the chief financial officer and company secretary of Sunac China and the vice president and general manager of the capital and financing center of Sunac Group. Currently, Mr. Gao is mainly responsible for such matters related to financing, listing compliance, equity management, investor relations and corporate governance of Sunac Group. Mr. Gao graduated from Shanxi University of Finance and Economics (山西財經大學) in the PRC in July 2008 with a master's degree in quantitative economics.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Wang Lihong, aged 57, was appointed as an independent non-executive Director in October 2020. Ms. Wang is the chairperson of the Remuneration Committee and the member of the Company's audit committee (the "Audit Committee"), the Nomination Committee and the ESG Committee, and is primarily responsible for providing independent advice on the operations and management of the Group.

Since March 2022, Ms. Wang has been an independent non-executive director of DPC Dash Ltd, a company listed on the Stock Exchange (stock code: 1405). Ms. Wang served as the chairman of RISE Education Cayman Ltd, a company listed on the NASDAQ (Nasdaq: REDU) from January 2020 to June 2022.

Ms. Wang has over 20 years of experience in the corporate management, finance and private equity industry. Ms. Wang received a bachelor degree of science from Fudan University (復旦大學) in the PRC in July 1990 and a master's degree in business administration from Columbia Business School in the United States in May 1999.

Mr. Yao Ning, aged 51, was appointed as an independent non-executive Director in October 2020. Mr. Yao is the chairperson of the Audit Committee and the member of the Nomination Committee, the Remuneration Committee and the ESG Committee, and is primarily responsible for providing independent advice on the operations and management of the Group. Mr. Yao has over 20 years of experience in accountancy. Mr. Yao has been the chairman and general manager of Beijing Ehoutai Taxation Consultancy Co., Ltd. (北京易後臺財税科技有限公司), a financial and taxation consultancy company, since July 2016, where he is responsible for overall management.

Mr. Yao was appointed as an independent director of Huayuan Property Co., Ltd. (華遠地產股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600743), on 11 May 2021. On 9 May 2023, Mr. Yao was re-elected as an independent director of Huarong Chemical Co., Ltd. (stock code: 301256, a company listed on Shenzhen Stock Exchange). Mr. Yao was appointed as an independent director of State Power Rixin Technology Co., Ltd. (國能日新科技股份有限公司, a company listed on the Shenzhen Stock Exchange, stock code: 301162) on 6 May 2024. In addition, Mr. Yao has held director positions at multiple listed companies: from August 2014 to August 2020, he served as an independent director of Wo Ai Wo Jia Holdings Group Co., Ltd. (我愛我家控股集團股份有限公司) (Stock Code: 000560, a real estate brokerage company listed on the Shenzhen Stock Exchange); from January 2015 to January 2021, he served as an independent director of Beijing Career International Co., Ltd. (北京科銳國際人力資源股份有限公司) (Stock Code: 300662, a human resources services company listed on the Shenzhen Stock Exchange); from May 2016 to June 2022, he served as a director of Beijing Shidai Xingmeng Technology Holdings Co., Ltd. (北京時代星盟科技股份有限公司) (Stock Code: 430246, an information technology company listed on the New Third Board); from December 2016 to January 2021, he served as an independent director of Changjiang Runfa Health Industry Co., Ltd. (長江潤發健康產業股份有限公司) (Stock Code: 002435, a pharmaceutical company listed on the Shenzhen Stock Exchange); from April 2017 to April 2020, he served as an independent director of Heilan Home Co., Ltd. (海瀾之家股份有限公司) (Stock Code: 600398, a clothing company listed on the Shanghai Stock Exchange); from May 2017 to January 2021, he served as an independent director of Jinke Property Group Co., Ltd. (金科地產集團股份有限公司) (Stock Code: 000656, a real estate company listed on the Shenzhen Stock Exchange); and from February 2021 to February 2024, he served as an independent non-executive director of Shanghai Yahong Moulding Co., Ltd. (上海亞虹模具股份有限公司) (Stock Code: 603159, a mould manufacturing company listed on the Shanghai Stock Exchange).

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

Mr. Zhao Zhonghua, aged 43, was appointed as an independent non-executive Director in October 2020. Mr. Zhao is the member of the Audit Committee, the Nomination Committee, the Remuneration Committee and the ESG Committee, and is primarily responsible for providing independent advice on the operations and management of the Group. Mr. Zhao has over 10 years of experience in property management industry policies and legal affairs.

From July 2009 to October 2011, Mr. Zhao successively served as the vice principal staff member and the principal staff member of the Property Management Service Guidance Centre of Beijing Municipal Commission of Housing and Urban-Rural Development (北京市住房和城鄉建設委員會物業服務指導中心) and, from October 2011 to September 2014, he was seconded to the Ministry of Housing and Urban-Rural Development of the PRC (中國住房和城鄉建設部) for training. From February 2015 to August 2015, Mr. Zhao worked at Zhongmin Property Investment Company Limited (中民未來控股集團有限公司, formerly known as 中民物業有限責任公司), a company mainly engaged in corporate and investment management. From September 2017 to September 2019, he served as an executive director of Zhongwu Zhiyuan (Beijing) Legal Consulting Company Limited (中物志遠(北京)法律諮詢有限公司). Since September 2019, Mr. Zhao has been employed at Beijing Yinghe Law Firm (北京瀛和律師事務所), where he currently serves as the director of the housing and urban-rural construction business center and the chairman of the board of supervisors.

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

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Huang Xiaoou, aged 42, is the vice president of the Group and the general manager of the commercial company. Mr. Huang joined Sunac Group in 2013, and served as the general manager of HR & Administrative Center, the general manager of digital technology department and the vice president of Sunac Cultural Group. He has experience in various areas including film and television production and distribution, the commercialization of cultural and entertainment IPs and the creation of entertainment real scenes. Before joining the Sunac Group, Mr. Huang worked in Vanke Group for 8 years, where he had accumulated extensive experience in the management of real estate and commercial companies. Mr. Huang graduated from Tianjin University of Finance and Economics (天津財經大學) in the PRC with a bachelor's degree in human resource management in 2005 and subsequently obtained a master's degree from Renmin University of China (中國人民大學).

Mr. Lyu Xiaochang, aged 46, is the vice president of the Group, and is responsible for the management of the investment expansion and development center and non-residential operation service center of the Group. Mr. Lyu joined the Group on 1 March 2017, and has successively served as the deputy general manager of the Group and the general manager of Shanghai region. He was appointed as the assistant to the president in April 2020 and the vice president of the Group in September 2022. Mr. Lyu graduated from Donghua University (東華大學) in Shanghai with a major in business administration and has over 20 years of experience in the property management industry.

CHANGE IN INFORMATION OF DIRECTORS

Save as disclosed in this report, no information regarding Directors is subject to disclosure pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") since the publication of the interim report for the period ended 30 June 2024 by the Company.

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

CORPORATE CULTURE AND STRATEGY

The board of Directors (the "Board") of the Company has set out the following values to provide guidance on employees' conduct and behaviours as well as the business activities, and to ensure they are embedded throughout the Company's vision, mission, policies and business strategies:

(i) Mission-like passion;

(ii) Integrity, honesty, good faith and friendliness;

(iii) To be employee-oriented. Respect and trust everyone;

(iv) To be customer-oriented. To create values through professional competence and to gain trust through values;

(v) The embrace of change, the initiative for change, the pursuit of innovation, and the pursuit of excellence; and

(vi) Efficient cooperation for a win-win situation.

The Group will continuously review and adjust, if necessary, its business strategies based on the change and development in market and to ensure prompt and proactive measures will be taken to respond to the changes and meet the market needs to foster the sustainability of the Group.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix C3 to the Listing Rules as the guidelines for the Directors' dealings in securities of the Company. Following specific enquiries of all Directors, each Director confirmed that he/she had complied with the required standards as set out in the Model Code in relation to his/her securities dealings (if any) during the year ended 31 December 2024.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

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

During the year ended 31 December 2024, the corporate governance functions stipulated in code provision A.2.1 of the Corporate Governance Code were performed by the Audit Committee, which included: (i) developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board; (ii) reviewing and monitoring the training and continuous professional development of Directors and senior management; (iii) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; (iv) developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and Directors; and (v) reviewing the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

THE BOARD

The Board currently consists of eight Directors, comprising two executive Directors, three non-executive Directors and three independent non-executive Directors. The Board assumes the responsibility of leadership and control of the Company, and supervises and approves strategic development objectives, significant decisions of operations and financial performance of the Company. The Directors could have access to independent professional advice in performing their duties at the Company's expense. The management is delegated with authorities and responsibilities by the Board for the Company's daily operations and businesses management according to the Board's instructions. The Board has established various Board committees and has delegated various duties to the Board committees, including the Audit Committee, the Remuneration Committee, the Nomination Committee, and the ESG Committee (collectively, the "Board Committees"). All the Board Committees perform their distinct roles in accordance with their respective terms of reference which are available for review at the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.sunacservice.com).

The Company has arranged appropriate liability insurance in respect of legal action against the Directors, and the insurance coverage will be reviewed on an annual basis.

The Board has established mechanisms, which mainly include (i) all Directors are encouraged to express freely their independent views and constructive challenges during the Board/Board Committee meetings; (ii) external independent professional advice is available as and when required by individual Directors; and (iii) the chairman of the Board meets with the independent non-executive Directors annually without the presence of the executive Directors and the non-executive Directors. The Company has mechanisms in place to ensure independent views and input from any director of the Company are conveyed to the Board for enhancing an objective and effective decision making. The mechanisms are under review by the Board from time to time to ensure their continuous effectiveness. For the year ended 31 December 2024, the Board has reviewed the implementation of the mechanisms and confirmed that it was still effective.

BOARD COMPOSITION

CHAIRMAN OF THE BOARD AND NON-EXECUTIVE DIRECTOR

Mr. Wang Mengde

EXECUTIVE DIRECTORS

Ms. Cao Hongling *(Chief Executive Officer)*
Ms. Yang Man

NON-EXECUTIVE DIRECTORS

Mr. Lu Peng
Mr. Gao Xi

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

The Directors' respective biographical information is set out on pages 17 to 19 of this report. Save as disclosed in this report, there is no relationship (including financial, business, family or other material relationship) between members of the Board.

For the year ended 31 December 2024, the Board had complied with Rule 3.10 and Rule 3.10A of the Listing Rules relating to the appointment of (i) at least three independent non-executive Directors; (ii) independent non-executive directors representing at least one-third of the Board; and (iii) at least one independent non-executive Director possessing appropriate professional qualification, or accounting or related financial management expertise.

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

BOARD MEETINGS AND GENERAL MEETINGS

The Board convened 6 regular meetings during the year ended 31 December 2024 to discuss corporate strategies, business plans and other significant issues of the Group. In addition, the Company has held an annual general meeting (the "AGM"). Details of the attendance at the Board meetings and the AGM convened are set out as follows:

	Attendance/Number of meetings required to be attended	
Name of Director	**Annual General Meeting**	**Board Meetings**
Chairman and Non-executive Director		
Mr. Wang Mengde	1/1	6/6
Executive Directors		
Ms. Cao Hongling	1/1	6/6
Ms. Yang Man	1/1	6/6
Non-executive Directors		
Mr. Lu Peng	1/1	6/6
Mr. Gao Xi	1/1	6/6
Independent Non-executive Directors		
Ms. Wang Lihong	1/1	6/6
Mr. Yao Ning	1/1	6/6
Mr. Zhao Zhonghua	1/1	6/6

TRAININGS OF THE DIRECTORS

To ensure that each Director's better understanding in respect of the Company's conduct and business activities to perform their responsibilities as a Director, the Company will arrange appropriate training, including arranging and funding sustainable training and professional development programme for the Directors. For newly appointed Directors, the Company shall also arrange for suitable induction training, so as to ensure that they have an appropriate understanding of the business and operations of the Group and that they are fully aware of their responsibilities and obligations under the Listing Rules and relevant regulatory requirements upon commencement of their directorship in the Company. For the year ended 31 December 2024, all the Directors, together with the relevant senior management of the Company, have attended the training arranged by the Company.

Name of Director	Reading materials and updates relating to the latest development of the Listing Rules and other applicable regulatory requirements	Attending conference(s) relevant to the business of the Group/Listing Rules and Takeovers Code/ Directors' duties
Mr. Wang Mengde	√	√
Ms. Cao Hongling	√	√
Ms. Yang Man	√	√
Mr. Lu Peng	√	√
Mr. Gao Xi	√	√
Ms. Wang Lihong	√	√
Mr. Yao Ning	√	√
Mr. Zhao Zhonghua	√	√

BOARD COMMITTEES

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

AUDIT COMMITTEE

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

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

During the year ended 31 December 2024, the Audit Committee held four meetings. The attendance of the meetings of each member during the Year is set out as follows:

Name of Member	Attendance/ Number of meetings required to be attended
Mr. Yao Ning *(Chairperson)*	4/4
Ms. Wang Lihong	4/4
Mr. Zhao Zhonghua	4/4

The work performed by the Audit Committee during 2024 mainly included to (i) review the annual consolidated financial statements of the Company for the year ended 31 December 2023 and the condensed consolidated financial statements for the six months ended 30 June 2024; (ii) review the Company's relationship with the external auditor, discuss with the Company's external auditor on the tasks performed by them including the nature and scope of their audit and reporting obligations, and review the terms of engagement and their remuneration; (iii) review the appropriateness and effectiveness of the risk management and internal control systems of the Group and make relevant recommendations to the Board; (iv) review the effectiveness of the internal audit function of the Group; (v) review the adoption of the relevant accounting principles generally accepted and made recommendations to the Board on the adoption of accounting policies; and (vi) perform the corporate governance functions as stipulated in code provision A.2.1 of the Corporate Governance Code.

REMUNERATION COMMITTEE

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

The primary duties of the Remuneration Committee include, among others, (i) establishing, reviewing and providing advices to the Board on the Company's policy and structure concerning remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration; (ii) determining the terms of the specific remuneration package of each Director and senior management; (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time to time; and (iv) reviewing and/or approving matters related to share scheme according to Chapter 17 of the Listing Rules. The terms of reference of the Remuneration Committee were adopted by the Board on 18 November 2020 and amended on 11 January 2023 and are available on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sunacservice.com).

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

During the year ended 31 December 2024, the Remuneration Committee held two meetings. The attendance of the meetings of each member during the Year is set out as follows:

Name of Member	Attendance/ Number of meetings required to be attended
Ms. Wang Lihong *(Chairperson)*	2/2
Ms. Cao Hongling	2/2
Mr. Yao Ning	2/2
Mr. Zhao Zhonghua	2/2

The work performed by the Remuneration Committee during 2024 mainly included to (i) discuss and make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration; (ii) review and make recommendations to the Board on the remuneration packages of individual Directors and senior management of the Company; (iii) assess the performance of Directors and review the terms of service agreements for the Directors and senior management; and (iv) propose and make recommendations to the Board on the renewal of the appointment letter with Mr. Lu Peng (non-executive Directors).

REMUNERATION POLICY

The Company has adopted the remuneration policy and has a formal and transparent remuneration policy in place to determine the remuneration of individual Director and employee. The remuneration policy for the Directors primarily includes:

(i) the Remuneration Committee shall be responsible for making recommendations to the Board on the Company's remuneration policy and structure for Directors and senior management and on the establishment of formal and transparent procedures for developing policy on such remunerations; and

(ii) the objective of providing remuneration to the Directors is to ensure that there is an appropriate level of remuneration to attract and retain experienced people of high caliber to oversee the Group's business and development. The remuneration of the Directors is reviewed annually with reference to their skills, knowledge, the involvement in the Group and the performance of individual Director and by reference to the Group's profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

The Remuneration Committee has adopted code provision E.1.2(c)(ii) of the Corporate Governance Code to make recommendations to the Board on the remuneration packages (including salaries, bonuses, pension rights, compensation payments and benefits in kind) of individual executive Directors and senior management.

NOMINATION COMMITTEE

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

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

During the year ended 31 December 2024, the Nomination Committee held one meeting. The attendance of the meeting of each member during the Year is set out as follows:

Name of Member	Attendance/ Number of meetings required to be attended
Mr. Wang Mengde *(Chairperson)*	1/1
Ms. Wang Lihong	1/1
Mr. Yao Ning	1/1
Mr. Zhao Zhonghua	1/1

The work performed by the Nomination Committee during 2024 mainly included to (i) review the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board; (ii) assess the independence of independent non-executive Directors; (iii) review the Board Diversity Policy and its implementation and effectiveness; (iv) review the policy on nomination of Directors (the "Nomination Policy") and its implementation and effectiveness; and (v) review the re-appointment of Directors who are subject to retire by rotation at the forthcoming AGM of the Company.

NOMINATION POLICY

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

(i) reputation for integrity;

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

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

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

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

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

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

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

BOARD DIVERSITY POLICY

The Company recognises the benefits of having a diversified Board. The Company has adopted the Board Diversity Policy with the aim of achieving an appropriate level of diversity among Board members according to the circumstances of the Group from time to time. In summary, the Board Diversity Policy sets out that when considering the nomination and appointment of a Director, with the assistance of the Nomination Committee, the Board would consider a range of diversity of perspectives, including but not limited to the skills, knowledge, professional experience and qualifications, cultural and educational background, age, gender and the potential contributions that the candidate is expected to bring to the Board, in order to better serve the needs and development of the Company. All Board appointments will be based on merits and candidates will be considered against objective criteria, having due regard to the benefits of diversity to the Board. Based on the Nomination Committee's review for the year ended 31 December 2024, the Nomination Committee considered that these measurable objectives have been satisfactorily implemented and that there was sufficient diversity in the Board for the Company's corporate governance and business development needs.

For the year ended 31 December 2024, the Board was comprised of eight Directors, of which three was female. The Board has achieved gender diversity of 38%. The target of the Board is to maintain the current level of female Directors. The Board will continue to review its Board structure and make corresponding adjustment, if necessary, to reflect our further business development. The Group has also taken and will continue to implement measures to promote the diversity of employees at all levels. All eligible employees have equal opportunities for employment, training and career development. Currently, the Group's ratio of male to female employees (including senior management) is approximately 1:0.7. In the opinion of the Board, gender diversity has now been achieved.

The Nomination Committee will review the Nomination Policy and the Board Diversity Policy from time to time to ensure its continued effectiveness. For the year ended 31 December 2024, the Board and the Nomination Committee have reviewed the implementation of the Nomination Policy and the Board Diversity Policy and confirmed that it was still effective.

ESG COMMITTEE

The ESG Committee consists of two executive Directors, namely, Ms. Cao Hongling and Ms. Yang Man, and three independent non-executive Directors, namely Ms. Wang Lihong, Mr. Yao Ning and Mr. Zhao Zhonghua. Ms. Cao Hongling is the chairperson of the ESG Committee.

The primary duties of the ESG Committee include, among others, (i) reviewing the ESG and climate-related policies and strategies of the Company to ensure compliance with the laws, regulations and standards; (ii) accessing and consolidating the ESG and climate-related impact, risk and opportunities of the Company and making proposals to the Board; (iii) overseeing the process of incorporating the ESG and climate-related expectations and demands into the Company's business decisions, and making recommendations to the Board; (iv) reviewing and supervising the ESG and climate-related special work plans of the Company, including but not limited to addressing climate change, health and safety, business ethics, labour management, etc., and authorising the responsible departments for special work to report to the Board on relevant work planning and implementation; and (v) reviewing the ESG and climate-related information disclosed by the Company, including but not limited to annual ESG reports, ESG-related policies disclosed to the public, etc., and making recommendations to the Board. The terms of reference of the ESG Committee were adopted by the Board on 28 December 2023, and are available on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sunacservice.com).

During the year ended 31 December 2024, the ESG Committee held one meeting. The attendance of the meeting of each member during the Year is set out as follows:

Name of Member	Attendance/ Number of meetings required to be attended
Ms. Cao Hongling (Chairperson)	1/1
Ms. Yang Man	1/1
Ms. Wang Lihong	1/1
Mr. Yao Ning	1/1
Mr. Zhao Zhonghua	1/1

The work performed by the ESG Committee during 2024 mainly included to (i) review and supervise the Company's ESG and climate-related policies, strategies, and implementation progress; and (ii) review the 2023 ESG report of the Company for the year ended 31 December 2023 and made recommendations to the Board.

ANNUAL REMUNERATION PAYABLE TO THE MEMBERS OF SENIOR MANAGEMENT

The annual remuneration of the members of the senior management (excluding members who also hold director positions) by band for the year ended 31 December 2024 is as follows:

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

AUDITOR'S REMUNERATION

The Company has appointed PricewaterhouseCoopers ("PwC") as its external auditor for the year ended 31 December 2024.

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

During the year ended 31 December 2024, the remunerations paid or payable to PwC in respect of its statutory audit services and non-audit services are RMB3.85 million and nil, respectively.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibilities for preparing all information and representations contained in the consolidated financial statements of the Group for the year ended 31 December 2024 which give a true and fair view of the state of affairs of the Group and of the operating results and cash flow for the year. The Directors consider that the financial statements have been prepared in conformity with all applicable accounting standards and requirements and reflect amounts that are based on the best estimates, reasonable information and prudent judgment of the Board and the management. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern. Accordingly, the Directors have prepared the consolidated financial statements of the Group on a going concern basis.

The statements of the auditor of the Group about its reporting responsibility on the consolidated financial statements of the Group are set out in the section headed "Independent Auditor's Report" on page 59 of this report.

RISK MANAGEMENT AND INTERNAL CONTROL

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

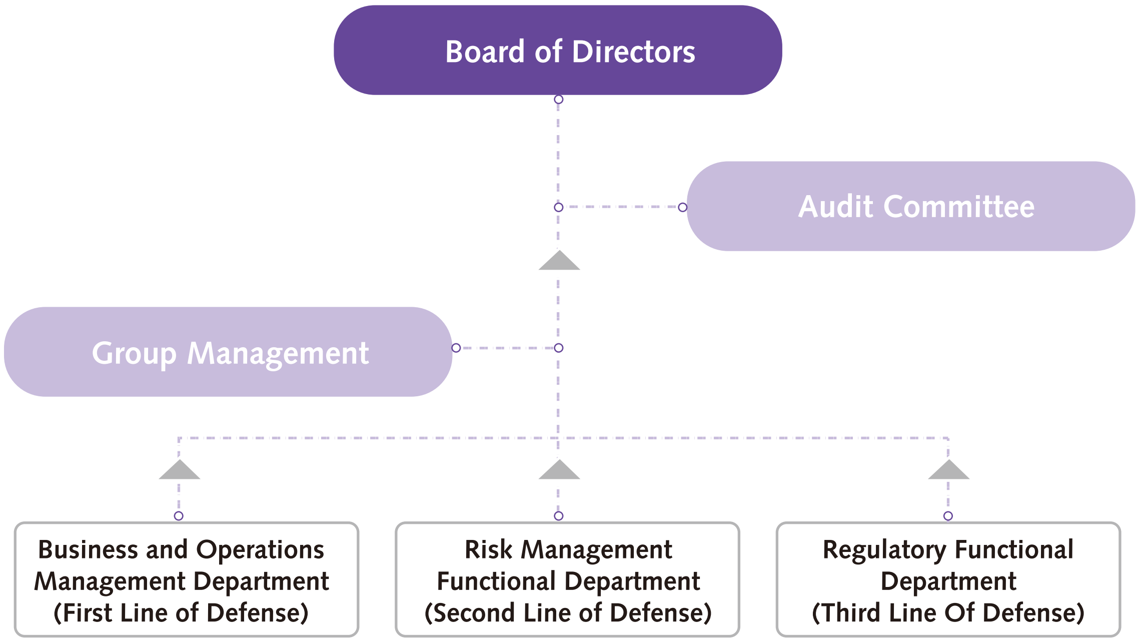
RISK MANAGEMENT AND INTERNAL CONTROL RESPONSIBILITY

The Board, as the main body responsible for risk management and internal control of the Company, has always been committed to maintaining the development and upgrading of risk management and internal control systems to meet the Company's overall strategic objectives. The Board should oversee management in the design, implementation and monitoring of the risk management and internal control systems, and management should provide a confirmation to the Board on the effectiveness of these systems. However, the risk management and internal control systems can only provide reasonable and not absolute assurance against material misstatement or loss, which is designed to manage rather than eliminate the risk of failure to achieve business objectives.

RISK MANAGEMENT STRUCTURE OF THE COMPANY

The Company has established a risk management and internal control system with well-defined power and responsibility and comprehensive functions. The Board of the Company assumes full responsibility for risk management, authorizing the Audit Committee to review and oversee the appropriateness and effectiveness of the Company's risk management, internal control and internal audit systems. The management is responsible for assisting the Board in completing the identification and evaluation of risk factors of the business systems, and participating in the design and operation of policies and measures that meet the Group's management requirements. The Business Department, the Operations Management Department, the Risk Management Functional Department and the Supervisory Functional Department are responsible for implementing risk management policies and procedures. The Group has established an internal control system based on the COSO[1] Internal Control – Integrated Framework (2013) and in accordance with the Group's actual situation. The Group's Audit and Supervision Department, commissioned by the Board and the Audit Committee, carries out various audit tasks as planned and proposes improvement suggestions on the effectiveness of the Group's risk management and internal control systems, and submits special reports to the Board and the Audit Committee every six months.

The risk management structure of the Company is as follows:



Note:

1: Committee of Sponsoring Organisation of the Treadway Commission.

RISK MANAGEMENT PROCEDURE

The Company has established effective risk management procedures, clearly defining the responsibilities and processes for risk identification, risk analysis, risk response and risk monitoring. The Group has formulated the Risk Incident Reporting and Handling Management Measures for Sunac Services Group (《融創服務集團風險事件通報及處置管理辦法》), which specifies the risks, classifications and ratings across various professional lines, as well as the mechanisms for risk incident reporting and emergency response, management standards and handling procedures.

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

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

RISK MANAGEMENT AND INTERNAL CONTROL REVIEW

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

For the year ended 31 December 2024, the Board of the Company has reviewed, among others (i) whether the resources for the Company's accounting, internal audit and financial reporting functions were adequate, whether the staff's qualifications and experience matched and whether the training programs and budget were adequate; (ii) the scope and quality of the management's ongoing monitoring of risks, the internal control systems and the work of its internal audit function; (iii) whether the risk management and internal control systems, including the extent and frequency of monitoring results to the Board or the Audit Committee (as the case may be) were sound and effective; and (iv) whether the Group's rules and major business processes met the requirements on operations and management and the needs for the rapid development of the Company. The Board also conducted a comprehensive evaluation on the timeliness, effectiveness and normativity of the procedures for handling and releasing inside information, connected transactions and other major matters of the Company, as well as the effectiveness of the Company's processes for financial reporting and Listing Rule compliance. The Board was basically satisfied with the results of the review for the year ended 31 December 2024.

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

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

Integrity Operation

The Group has continued to deepen integrity operation, and strictly abided by the national and local laws, regulations and policies on anti-corruption, integrity and business ethics. The Group has obtained the certification of ISO 37001 Anti-bribery management systems. The Group formulated the Employee Integrity Agreement which specifies that its employees should abide by business ethics, and prevent them from giving or requesting improper business benefits, improper use and misappropriation of the Group's property, and it required all employees to sign such agreement. Through routine audits, special audits, outgoing audits, report investigations, etc., the Group has reviewed and inspected employees' compliance with the Group's rules and regulations to effectively monitor and restrict operation and management activities and ensure the healthy development of the Company.

DISSEMINATION OF INSIDE INFORMATION

The Company has adopted an inside information policy in accordance with the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") and the Listing Rules, and made corresponding information disclosures in a timely manner. Before the information is fully disclosed to the public, any person who possess the knowledge of such information must ensure strict confidentiality, so as to ensure effective protection of the rights and interests of investors and stakeholders.

INFORMATION DISCLOSURE

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

COMMUNICATION WITH SHAREHOLDERS

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

With reference to the aforesaid, the annual general meeting of the Company held on 21 May 2024 was chaired by Ms. Cao Hongling (the executive Director and chief executive officer of the Company) and attended by all Directors of the Company and representatives of the auditor.

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

For the year ended 31 December 2024, the Board has reviewed the implementation and effectiveness of the Shareholder Communication Policy, including procedures for the general meetings, enquiry handling (if any) and the existing communication and engagement channels, and considers that the Shareholder Communication Policy has been properly implemented and effective during the Year.

SHAREHOLDERS' RIGHT

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

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

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

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

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

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

Sunac Services Holdings Limited
25th Floor, Block O1A
Sunac Center
No. 278 Hongqi Road
Nankai District, Tianjin, the PRC
Email: ir@sunacwy.com.cn

COMPANY SECRETARY

The Company has appointed Mr. Zhang Xiaoming as the company secretary of the Company. Mr. Zhang Xiaoming is secretary of the Board and the general manager of the internal control audit center of the Company.

In compliance with Rule 3.29 of the Listing Rules, Mr. Zhang Xiaoming undertook not less than 15 hours of relevant professional training to update their skills and knowledge during the year ended 31 December 2024.

CONSTITUTIONAL DOCUMENTS

The Company has adopted the second amended and restated memorandum of association and the third amended and restated articles of association after the reviewal and approval at the annual general meeting held on 21 May 2024. The latest version of the constitutional documents of the Company is available for inspection at the website of the Company (www.sunacservice.com) and the designated website of the Stock Exchange (www.hkexnews.hk). Save as disclosed above, there was no change to the constitutional documents of the Company during the year ended 31 December 2024.

The Board presents the annual report of the Company together with its audited consolidated financial statements for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

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

RESULTS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of comprehensive income of the Group on page 66 of this report.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

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

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As stated in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 9 November 2020 and the announcements of the Company dated 13 December 2020, 8 November 2021, 29 August 2022 and 1 November 2024, the Group intends to utilise the net proceeds raised from the listing of the shares of the Company (the "Listing"), among other things, to pursue selective strategic investment and acquisition opportunities with companies engaged in property management and/or community operations.

Save as disclosed above, there were no other plans authorised by the Board for material investments or additions of capital assets as at 31 December 2024.

USE OF NET PROCEEDS FROM THE LISTING

The shares of the Company were listed on the Main Board of the Stock Exchange on 19 November 2020 (the "Listing Date") by way of global offering, 690,000,000 shares were issued, and the total of 793,500,000 shares were issued after the over-allotment options were fully exercised, raising the total net proceeds (after deducting underwriting commissions and other related listing expenses) of approximately HKD9,042 million.

As disclosed in the announcements of the Company dated 8 November 2021, 29 August 2022 and 1 November 2024, the Board resolved to change the use of the unutilised net proceeds from the Listing. On 8 November 2021, the Board resolved to change the proposed use of the net proceeds from the Listing to allocate more net proceeds to acquisition opportunities with companies engaged in property management and related services and community operations. On 29 August 2022, the Board resolved to change the proposed use of the unutilised net proceeds from the Listing to allocate part of the net proceeds to technology, community living services business, working capital and other uses in view of the change in the current property management industry and limited quality merger and acquisition targets with appropriate values and to improve the utilisation efficiency of capital, and enhance the endogenous development ability of the Group. On 1 November 2024, the Board has resolved that, to the extent that the net proceeds from the listing are not immediately applied to the disclosed purposes, provided that the expected demand for the use of funds is ensured, the Group may deposit the net proceeds from the listing as demand deposits or fixed-term deposits in licensed banks or financial institutions or subscribe for Wealth Management Products with high security and good liquidity and a period not exceeding twelve months, so as to improve the utilisation efficiency of the Group's funds and its return. Further details of the breakdown and description of the net proceeds are set out in the announcements of the Company dated 8 November 2021, 29 August 2022 and 1 November 2024.

Up to 31 December 2024, the net proceeds from the Listing which were utilised according to the plan previously disclosed were set out below:

Use of net proceeds	Revised allocation of the net proceeds as set out in the announcement dated 29 August 2022 (HKD million)	(Approximate percentage)	Unutilised amount of net proceeds as at 31 December 2023 (HKD million)	Actual amount of net proceeds utilised during the Year (HKD million)	Unutilised amount of net proceeds as at 31 December 2024 (HKD million)	Expected timeline of full utilization of the balance (Note)
(a) Strategic investment and acquisition opportunities with companies engaged in property management and/or community operations	5,404	60%	1,838	0	1,838	On or before 31 December 2026
(b) Upgrading the Group's systems for smart management services and for the development of the smart communities	768	9%	415	88	327	On or before 31 December 2026
(c) Further developing the community value-added services of the Group	1,480	16%	431	344	87	On or before 31 December 2026
(d) Working capital and general corporate purposes	1,390	15%	0	0	0	Not applicable
Total	**9,042**	**100%**	**2,684**	**432**	**2,252**	

Note: The expected timeline of full utilisation of the balance is set based on the best estimation of the Company taking into account, among other factors, prevailing and future market conditions and business developments and needs, and therefore is subject to change.

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

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment during the year ended 31 December 2024 are set out in note 15 to the consolidated financial statements of the Group.

BORROWINGS

As at 31 December 2024, the Group had no loans or borrowings (31 December 2023: nil).

SHARE CAPITAL AND SHARES ISSUED

Details of movements in the share capital of the Company during the year ended 31 December 2024 are set out in note 25 to the consolidated financial statements of the Group.

RESERVES

Details of movements in the reserves of the Company during the year ended 31 December 2024 are set out in note 34 to the consolidated financial statements of the Group.

As at 31 December 2024, distributable reserves of the Company amounted to RMB7,097 million.

FINANCIAL SUMMARY

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

DIVIDEND POLICY AND FINAL DIVIDEND

DIVIDEND POLICY

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

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

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

(iii) statutory, regulatory and contractual restrictions;

(iv) interests of the Shareholders; and

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

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

REPORT OF THE DIRECTORS

FINAL DIVIDEND

The Board recommended a final dividend of RMB14.3 cents per ordinary share totalling approximately RMB437 million for the year ended 31 December 2024. The proposed final dividend is subject to the approval of the Shareholders at the AGM, and is expected to be paid by cash on or around Friday, 6 June 2025. The proposed final dividend will be paid in HKD, and such amount will be calculated by reference to the central parity rate published by the People's Bank of China for the conversion of RMB to HKD on Thursday, 22 May 2025.

As at the date of this report, there are no treasury shares held by the Company (whether held or deposited in the Central Clearing and Settlement System, or otherwise).

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

CLOSURE OF REGISTER OF MEMBERS

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

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2024, revenue attributable to the largest customer of the Group, being Sunac Group, amounted to approximately 2.4% of the total revenue in the year and the five largest customers of the Group accounted for 3.8% of the Group's total revenue in the year.

For the year ended 31 December 2024, purchases attributable to the largest supplier of the Group amounted to approximately 2.8% of the total purchases in the year and the five largest suppliers of the Group accounted for 12.0% of the Group's total purchases in the year.

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

EQUITY LINKED AGREEMENTS

During the year ended 31 December 2024, no equity-linked agreements were entered into by the Company or subsisted at the end of the year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the year ended 31 December 2024. Details of movements during the year ended 31 December 2024 in the share capital of the Company are set out in note 25 to the consolidated financial statements.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors during the year ended 31 December 2024 and up to the date of this report are set out below:

CHAIRMAN OF THE BOARD AND NON-EXECUTIVE DIRECTOR

Mr. Wang Mengde

EXECUTIVE DIRECTORS

Ms. Cao Hongling
Ms. Yang Man

NON-EXECUTIVE DIRECTORS

Mr. Lu Peng
Mr. Gao Xi

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

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

PARTICULARS OF DIRECTORS' SERVICE AGREEMENTS

EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTORS AND INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

REPORT OF THE DIRECTORS

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

RETIREMENT BENEFITS PLAN

Details of retirement benefits plan of the Group for the year ended 31 December 2024 are set out in note 36.13 to the consolidated financial statements of the Group. As at 31 December 2024, no forfeited contributions were available to reduce the contribution payable by the Group in the future years.

DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and those of the five highest paid individuals of the Group for the year ended 31 December 2024 are set out in notes 8 and 35 to the consolidated financial statements of the Group.

None of the Directors waived his/her emoluments or has agreed to waive his/her emoluments for the year ended 31 December 2024.

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

During the year ended 31 December 2024, there was no transaction, arrangement or contract of significance, to which the Company, its holding company or subsidiary was a party, and in which the Directors or their respective connected entities were materially interested, either directly or indirectly.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2024, none of the Directors was interested in any business apart from the Group's businesses, which competes or likely to compete, either directly or indirectly, with the businesses of the Group.

MANAGEMENT CONTRACTS

During the year ended 31 December 2024, no management or administration contract concerning the management of the whole or substantial part of any business of the Company was entered into, or subsisted.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

During the year ended 31 December 2024, none of the Company, its holding company, or any of its subsidiaries was a party to any arrangement enabling the Directors to acquire benefits by means of the acquisition of equity or debt securities, including the debentures of the Company or any other body corporate.

COMPLIANCE WITH NON-COMPETITION UNDERTAKINGS BY CONTROLLING SHAREHOLDERS

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

Each of Sunac China and Mr. Sun has confirmed to the Company that, during the year ended 31 December 2024, it/he has complied with the Deed of Non-competition as disclosed in the Prospectus.

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

CONTINUING CONNECTED TRANSACTIONS

(I) PROPERTY MANAGEMENT AND RELATED SERVICES

On 4 November 2020, the Company entered into a property management services framework agreement (the "Property Management Services Framework Agreement"), a sales assistance services framework agreement (the "Sales Assistance Services Framework Agreement") and a consultancy and other value-added services framework agreement (the "Consultancy and Other Value-added Services Framework Agreement") with Sunac China; On 11 June 2021, the Company and Sunac China entered into a housing repair services framework agreement (the "Housing Repair Services Framework Agreement"). On 29 April 2022, the Company and Sunac China entered into a property management and related services framework agreement (the "Property Management and Related Services Framework Agreement", supplemented by the supplemental agreement dated 14 July 2022), pursuant to which the Group conditionally agreed to renew and consolidate existing property management and related services, including property management services, sales assistance services, consultancy and other value-added services and housing repair services, provided to members of Sunac Group.

(i) PROPERTY MANAGEMENT SERVICES

The Group agreed to provide to Sunac Group and its associates property management and other value-added services for the properties and unsold parking lots owned or used by Sunac Group and its associates (the "Property Management Services").

The service fee payable by Sunac Group and its associates in relation to the Property Management Services for each of the three financial years ending 31 December 2024 is not expected to exceed RMB900 million, RMB1,000 million and RMB1,100 million, respectively.

(ii) **SALES ASSISTANCE SERVICES**

The Group agreed to provide sales assistance (including property sales venues and display units) management services to Sunac Group and its associates (the "Sales Assistance Services").

The service fee payable by the Sunac Group and its associates in relation to the Sales Assistance Services for each of the three financial years ending 31 December 2024 is not expected to exceed RMB1,000 million, RMB900 million and RMB800 million, respectively.

(iii) **CONSULTANCY AND OTHER VALUE-ADDED SERVICES**

The Group agreed to provide pre-delivery property preliminary planning and consultancy services, property project reception preparation work and engineering services to Sunac Group and its associates (the "Consultancy and Other Value-added Services").

The service fee payable by Sunac Group and its associates in relation to the Consultancy and Other Value-added Services for each of the three financial years ending 31 December 2024 is not expected to exceed RMB1,221.6 million, RMB1,221.6 million and RMB1,221.6 million, respectively.

(iv) **Housing Repair Services**

The Group agreed to provide quality control and repair and maintenance services for property projects to Sunac Group and its associates (the "Housing Repair Services").

For each of the three financial years ending on 31 December 2024, the annual caps for the service fees payable by Sunac Group and its associates in relation to the Housing Repair Services are RMB250 million, RMB250 million and RMB250 million, respectively.

(II) PROPERTY AGENCY SERVICES

On 4 November 2020, the Company entered into a property agency services framework agreement (the "Property Agency Services Framework Agreement") with Sunac China; on 29 April 2022, the Company entered into a supplementary agreement to the Property Agency Services Framework Agreement with Sunac China (the "Supplementary Agreement to the Property Agency Services Framework Agreement"), pursuant to which the Group agreed to provide agency services with respect to property developed by Sunac Group and its associates (the "Property Agency Services").

The service fee payable by Sunac Group and its associates in relation to the Property Agency Services for each of the three financial years ending 31 December 2024 is not expected to exceed RMB475.4 million, RMB390.0 million and RMB390.0 million, respectively.

(III) COMMERCIAL MANAGEMENT SERVICE

On 7 November 2021, the Company entered into a commercial management service framework agreement (the "Commercial Management Service Framework Agreement") with Sunac China; on 29 April 2022, the Company entered into a supplementary agreement to the Commercial Management Service Framework Agreement with Sunac China (the "Supplementary Agreement to the Commercial Management Service Framework Agreement"), pursuant to which, the Group agreed to provide commercial management services to members of the Sunac Group for a term of 20 years from 7 November 2021 to 6 November 2041 (the "Commercial Management Services").

The annual caps for the service fee payable by Sunac Group and its associates in relation to the Commercial Management Services for each of the three financial years ending 31 December 2024 are RMB350 million, RMB370 million and RMB390 million, respectively. The Company and Sunac China will separately negotiate and agree on the annual cap of the fees for the Commercial Management Services payable by the Sunac Group to the Group after 2024, and unless otherwise agreed, the cap of fees for any subsequent year shall be calculated based on the previous year.

(IV) PROPERTY LEASING SERVICES

On 28 December 2023, the Company entered into the new Property Leasing Framework Agreement with Sunac China (the "New Property Leasing Framework Agreement"), pursuant to which members of the Group as lessees may enter into property leasing agreements with members of the Sunac Group as lessors from time to time for office and other purposes for a term of three years commencing from 1 January 2024 to 31 December 2026. On 2 February 2024, the Company entered into a supplemental agreement to the New Property Leasing Framework Agreement with Sunac China to revise the annual caps in respect of the value of the leased properties for the three years ending 31 December 2026 under the New Property Leasing Framework Agreement.

For each of the three years ended 31 December 2026, the annual caps for the rental expenses of the Group are RMB12 million, RMB12 million and RMB12 million, respectively; the annual caps for the value of the leased properties of the Group are RMB200 million, RMB200 million and RMB200 million, respectively.

Sunac China is a controlling shareholder of the Company and is therefore a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions under each of the (i) Property Management and Related Services Framework Agreement; (ii) Property Agency Services Framework Agreement; (iii) Commercial Management Service Framework Agreement; and (iv) New Property Leasing Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

CONFIRMATION FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

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

REPORT OF THE DIRECTORS

CONFIRMATION FROM THE AUDITOR

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

CONNECTED TRANSACTIONS

On 17 January 2024, Sunac Services Group Co., Ltd. Shenyang Branch (融創物業服務集團有限公司瀋陽分公司), an indirect wholly-owned subsidiary of the Company signed the Property Transfer Agreement with the Sunac Group, pursuant to which the Sunac Group shall transfer one shops of Sunac One Riverside Mansion (融創觀瀾壹號項目) located in Shenyang City, Liaoning Province with an aggregate gross floor area of approximately 175.97 square meters to the Group at a consideration of approximately RMB3.5194 million.

On 28 February 2024, Sunac Services Group Co., Ltd. Yinchuan Branch (融創物業服務集團有限公司銀川分公司), an indirect wholly-owned subsidiary of the Company signed the Property Transfer Agreement with the Sunac Group, pursuant to which the Sunac Group shall transfer 21 parking spaces of the Yongtai City project located in Yinchuan City, Ningxia Hui Autonomous Region to the Group at a consideration of approximately RMB1.0515 million.

On 15 March 2024, the Group entered into the Equity Income Rights and Debt Interests Transfer and Repurchase Agreement with Sunac Group, pursuant to which the Sunac Group shall transfer the Equity Income Rights corresponding to 100% equity interest it holds (the "Subject Equity Interests") in the Suzhou Haoying Enterprise Management Co., Ltd. and the Relevant Subject Debt Interests to the Group at a consideration of RMB100 million, of which RMB50 million was paid in cash and the remaining RMB50 million was satisfied by offsetting the equivalent outstanding amount payable by the Sunac Group to the Group. The Sunac Group shall repurchase the aforementioned Equity Income Rights and the Relevant Subject Debt Interests by transferring the Properties of the Subject Projects of ready-for-sale units of the Jinghu Chenyuan project (鏡湖宸院項目) and the Huyu Shangyuan project (湖語尚院項目) located in Changshu City, Jiangsu Province (the "Subject Projects") equivalent to RMB100 million to the Group within six months. To ensure the fulfillment of the Equity Income Rights and Debt Interests Transfer and Repurchase Agreement, the Sunac Group agreed to pledge the Subject Equity Interests to the Group. If the Sunac Group fails to transfer the Properties of the Subject Projects of ready-for-sale units to the Group as scheduled, the Group shall have the right to require the Sunac Group to pay all repurchase price and interests (the "Repurchase Payment") or dispose of the Subject Equity Interests and the Relevant Subject Debt Interests through auction, transfer, etc, and distribute the proceeds from the disposal in accordance with the agreed terms. As of April 2025, Sunac Group has provided approximately 7,690 square meters of completed properties as collateral to our Group to secure the Repurchase Payment that Sunac Group is obligated to pay to our Group.

Please refer to the announcement dated 15 March 2024 of the Company for the details of the above three transactions.

Sunac China is a controlling shareholder and a connected person of the Company under the Listing Rules. Therefore, the above three transactions constituted a connected transactions of the Company. Given that the Agreements for the above three transactions are of similar nature, the Agreements are required to be calculated on an aggregate basis. As the highest applicable percentage ratio (as defined under the Listing Rules) for the transactions contemplated under the Agreements are more than 0.1% but less than 5%, the transactions contemplated under the Agreements are subject to the reporting, announcement and annual review requirements but are exempted from the circular and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. In addition, Mr. Wang Mengde has abstained from voting on the relevant Board resolutions to approve the Transaction due to his role as an executive director of Sunac China.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the year ended 31 December 2024 are disclosed in note 33 to the consolidated financial statements of the Group.

Save as disclosed in the paragraphs headed "Continuing Connected Transactions" and "Connected Transactions" and those described above, all other related party transactions as disclosed in note 33 to the consolidated financial statements are not connected transactions or continuing connected transactions which need to comply with the disclosure requirements under Chapter 14A of the Listing Rules. The Company confirmed that the connected transactions and continuing connected transactions disclosed in this report have complied with the requirements under Chapter 14A of the Listing Rules.

SHARE AWARD SCHEME

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

(I) PURPOSE OF THE SHARE AWARD SCHEME

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

(II) DURATION OF THE SHARE AWARD SCHEME

Subject to any termination of the Share Award Scheme as determined by Sunac Shine, the Share Award Scheme shall be valid and effective for ten years commencing on the date of the first grant of any award (each an "Award") of the ordinary shares of the Company (the "Shares") to a selected participant under the Share Award Scheme. The Share Award Scheme has a remaining validity of approximately 6 years.

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

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

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

(IV) MAXIMUM NUMBER OF SHARES THAT CAN BE AWARDED

The maximum number of Shares that may be granted as Awards under the Share Award Scheme to the Eligible Persons shall be the number of Shares held or to be held by Sunac Shine on trust for the purpose of the Share Award Scheme from time to time. As at 31 December 2024 and the date of this report, Sunac Shine held 420,509,000 Shares on trust for the Share Award Scheme, representing approximately 13.76% of the issued Shares.

(V) GRANT AND ACCEPTANCE OF AWARDS

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

(VI) RIGHTS AND RESTRICTIONS

(i) Voting Rights

A Participant may not exercise the voting rights in respect of any Awarded Shares held on trust by Sunac Shine for the Participant before the vesting of such Awarded Shares to the Participant. For the period from the date of vesting of such Awarded Shares to the Participant until the date on which (a) such Participant has sold all of such Awarded Shares granted; or (b) such Participant no longer works in the Company or any subsidiary or related company of the Company (whichever is earlier) (both dates inclusive), such Participant shall irrevocably entrust Sunac Shine to exercise the voting rights of such Awarded Shares in which such Participant has interest.

Sunac Shine shall exercise its voting rights on the Shares which are held by it as trustee, including Shares which are not yet awarded to any Participants and Shares which are awarded but not yet vested and transferred onto the relevant Participants in accordance with the terms of the Share Award Scheme according to any instructions or recommendations from Sunac China.

(ii) Entitlement of the Related Distribution

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

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

(iii) Rights Attached to the Awarded Shares

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

(iv) No Assignment

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

(v) Unvested Awarded Shares

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

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

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

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

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

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

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

(vi) Restrictions

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

On 29 May 2024, 12,200,000 shares had been awarded under the Share Award Scheme to the selected eligible participants of which 4,000,000 shares had been awarded to the directors of the Company, and 8,200,000 shares had been awarded to other eligible participants. Particulars of the outstanding share awards under the Share Award Scheme and their movements during the year ended 31 December 2024 were as follows:

Selected participants	Awarded on 24 September 2021	Awarded on 8 June 2022	Awarded on 31 May 2023	Number of unvested shares as at 1 January 2024	Awarded during the Year	Vesting during the Year	Lapsed during the Year	Number of unvested shares as at 31 December 2024
Directors of the Company								
Wang Mengde	900,000	–	–	225,000	–	225,000	–	–
Cao Hongling	1,100,000	1,100,000	2,200,000	3,300,000	3,000,000	275,000	–	6,025,000
Yang Man	450,000	348,000	689,000	803,250	1,000,000	571,750	–	1,231,500
Lu Peng	100,000	–	–	25,000	–	25,000	–	–
Gao Xi	250,000	–	–	62,500	–	–	–	62,500
Sub-total	2,800,000	1,448,000	2,889,000	4,415,750	4,000,000	1,096,750	–	7,319,000
Other eligible participants	10,275,000	6,536,000	10,983,000	12,546,000	8,200,000	6,644,439	1,854,250	12,247,311
Total	**13,075,000**	**7,984,000**	**13,872,000**	**16,961,750**	**12,200,000**	**7,741,189**	**1,854,250**	**19,566,311**

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 31 December 2024, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in Appendix C3 to the Listing Rules, are set out below:

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

Name of Director	Nature of interest	Number of Shares held	Approximate percentage of interest in the Company (note)
Mr. Wang Mengde	Beneficial owner	2,157,734	0.07%
Ms. Cao Hongling	Beneficial owner	2,230,563	0.07%
Ms. Yang Man	Beneficial owner	98,687	0.003%
Mr. Lu Peng	Beneficial owner	95,814	0.003%
Mr. Gao Xi	Beneficial owner	855,500	0.03%
Ms. Wang Lihong	Beneficial owner	197,886	0.006%

Note: Based on the 3,056,844,000 shares of the Company in issue as at 31 December 2024.

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

Name of Director	Nature of interest	Number of unvested shares awarded under the share award scheme	Approximate percentage of interest in the Company (note)
Ms. Cao Hongling	Beneficial owner	6,025,000	0.20%
Ms. Yang Man	Beneficial owner	1,231,500	0.04%
Mr. Gao Xi	Beneficial owner	62,500	0.002%

Note: Based on the 3,056,844,000 shares of the Company in issue as at 31 December 2024.

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

Name of Director	Name of associated corporation	Nature of interest	Number of ordinary shares held	Approximate percentage of interest (note)
Mr. Wang Mengde	Sunac China	Beneficial owner	17,177,000	0.18%
Ms. Cao Hongling	Sunac China	Beneficial owner	2,693,500	0.03%
Ms. Yang Man	Sunac China	Beneficial owner	13,008	0.0001%
Mr. Lu Peng	Sunac China	Beneficial owner	241,199	0.003%
Mr. Gao Xi	Sunac China	Beneficial owner	228,000	0.002%
Ms. Wang Lihong	Sunac China	Beneficial owner	113,556	0.001%

Note: Based on the 9,306,249,579 shares of Sunac China in issue as at 31 December 2024.

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

Name of Director	Name of associated corporation	Nature of interest	Number of unvested shares awarded under the share award scheme	Approximate percentage of interest (note)
Mr. Wang Mengde	Sunac China	Beneficial owner	1,860,000	0.02%
Ms. Cao Hongling	Sunac China	Beneficial owner	625,000	0.007%
Ms. Yang Man	Sunac China	Beneficial owner	38,500	0.0004%
Mr. Lu Peng	Sunac China	Beneficial owner	790,000	0.008%
Mr. Gao Xi	Sunac China	Beneficial owner	712,000	0.008%

Note: Based on the 9,306,249,579 shares of Sunac China in issue as at 31 December 2024.

(V) INTERESTS IN DEBENTURES OF THE COMPANY'S ASSOCIATED CORPORATION

Name of Director	Name of associated corporation	Nature of interest	Amount of debentures held (in USD)	Amount of debentures in the same class in issue (in USD)	Notes
Wang Lihong	Sunac China	Beneficial owner	333	244,402,264	*(1)*
	Sunac China	Beneficial owner	44,904	717,637,751	*(2)*
	Sunac China	Beneficial owner	45,217	522,246,155	*(3), (4)*
	Sunac China	Beneficial owner	45,327	523,514,504	*(3), (5)*
	Sunac China	Beneficial owner	90,872	1,049,577,317	*(3), (6)*
	Sunac China	Beneficial owner	136,639	1,578,182,549	*(3), (7)*
	Sunac China	Beneficial owner	136,970	1,581,993,797	*(3), (8)*
	Sunac China	Beneficial owner	64,498	744,954,199	*(3), (9)*

Notes:

(1) The class of debentures is freely transferable and convertible into shares of a corporation. This relates to certain 1.0/2.0 per cent convertible bonds due 2032 issued by Sunac China.

(2) The class of debentures is compulsorily convertible into shares of a corporation. This relates to certain compulsorily convertible bonds due 2028 issued by Sunac China.

(3) The class of debentures is freely transferable but not convertible into shares of a corporation.

(4) This relates to certain 5.0%/6.0% Senior Notes due 2025/2026 issued by Sunac China.

(5) This relates to certain 5.25%/6.25% Senior Notes due 2026/2027 issued by Sunac China.

(6) This relates to certain 5.50% Senior Notes due 2027 issued by Sunac China.

(7) This relates to certain 5.75% Senior Notes due 2028 issued by Sunac China.

(8) This relates to certain 6.0% Senior Notes due 2029 issued by Sunac China.

(9) This relates to certain 6.25% Senior Notes due 2030 issued by Sunac China.

Save as disclosed above, as at 31 December 2024, none of the Directors and chief executives of the Company had interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS (LONG POSITION)

To the knowledge of the Company, as at 31 December 2024, the following persons, other than a Director or chief executive of the Company, had an interest of 5% or more in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Nature of interest/Capacity	Number of Shares held(1)	Approximate percentage of interest in the Company(2)
Sunac China(3)	Interest of controlled corporation	1,511,153,516(L)	49.44%
Sunac Services Investment Limited(3)	Beneficial owner	1,090,644,516(L)	35.68%
Sunac Shine(3)	Trustee	420,509,000(L)	13.76%

Notes:

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

(2) Calculated on the basis of 3,056,844,000 Shares of the Company in issue as at 31 December 2024.

(3) Sunac Services Investment Limited is wholly owned by Sunac China. Sunac Shine is wholly-owned by Sunac China and acts as the trustee of the Sunac Services Share Award Scheme Trust which is set up for the purpose of a share award scheme adopted on 11 June 2021. By virtue of the SFO, Sunac China is deemed to be interested in the Shares held by Sunac Services Investment Limited and Sunac Shine.

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

PRE-EMPTIVE RIGHTS AND TAX RELIEF OR EXEMPTION

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

CORPORATE GOVERNANCE OF THE COMPANY

The Board is of the view that the Company has adopted, applied and complied with the code provisions as set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules throughout the year ended 31 December 2024. The principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report of this report.

BUSINESS REVIEW

A review of the business of the Group for the year ended 31 December 2024, discussion on the future development in the Group's business, description of possible business risks and uncertainties that the Group may be facing are provided in the Chairman's Statement on pages 5 to 7 of this report. An analysis of the key financial performance indicators, the interest rate risk and foreign exchange risk of the Group are elaborated in the Management Discussion and Analysis on pages 8 to 16 of this report, and the financial risk management objectives and policies of the Group are set out in note 3 to the consolidated financial statements. In addition, a discussion on the Group's environmental policies and compliance with relevant laws and regulations which have a significant impact on the Group are contained in the section headed "Environmental Protection" and "Compliance with Laws and Regulations" below and the Group's relationship with employees, customers and suppliers is stated in the section headed "Relationship with Stakeholders" below.

ENVIRONMENTAL PROTECTION

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

COMPLIANCE WITH LAWS AND REGULATIONS

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

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

RELATIONSHIP WITH STAKEHOLDERS

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

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

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

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

Further details of the relationship between the Group and stakeholders will be set out in the Environmental, Social and Governance Report to be published concurrently with this report.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2024, the Group had 27,051 employees. For the year ended 31 December 2024, the staff cost of the Group was approximately RMB2,739 million.

The Group's employee remuneration policy is determined by reference to factors such as remuneration standard of the local market, the overall remuneration standard in the industry, inflation level, corporate operating efficiency and employee performance. The Directors of the Company will review the remuneration policy from time to time. The Group conducts annual performance appraisals for its employees, the results of which are applied in annual salary and promotional assessment. Social insurance is paid by the Group for its employees in mainland China in accordance with the relevant PRC regulations. The Group provides management team with competitive remuneration and significant development prospects. In addition, the Share Award Scheme was adopted by Sunac Shine on 11 June 2021. Further details are described in the section headed "Share Award Scheme" contained in the Report of the Directors on pages 47 to 50 of this report.

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

PERMITTED INDEMNITY PROVISIONS

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

CHARITABLE DONATIONS

Charitable donations and other donations made by the Group during the year ended 31 December 2024 amounted to approximately RMB87,464 (2023: approximately RMB649,629).

SUBSEQUENT EVENTS

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

REPORT OF THE DIRECTORS

SUFFICIENCY OF PUBLIC FLOAT

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

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

AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2024 have been audited by PricewaterhouseCoopers, the auditor of the Company. The Company has not changed its auditor during the past three years. A resolution for the re-appointment of PricewaterhouseCoopers as the Company's auditor will be proposed at the forthcoming AGM of the Company.

Sunac Services Holdings Limited
Wang Mengde
Chairman of the Board

Hong Kong, 24 March 2025

pwc

羅兵咸永道

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

Opinion

WHAT WE HAVE AUDITED

The consolidated financial statements of Sunac Services Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 66 to 154, comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

OUR OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

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

INDEPENDENCE

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

Key Audit Matters

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

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

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment of the ECL of trade receivables	
Refer to note 3.1(b) 'Credit risk', note 4 'Critical accounting estimates and judgements' and note 21 'Trade and other receivables' to the consolidated financial statements. As at 31 December 2024, the Group's gross trade receivables amounted to approximately RMB6,488 million, which represented approximately 46% of the Group's total assets before ECL allowance of trade receivables and were mainly arisen from property management services and value-added services, of which approximately RMB3,472 million of loss allowance was made. Management assessed the lifetime ECL of trade receivables using simplified approach. Trade receivables have been grouped based on shared credit risk characteristics and ageing analysis to measure the ECL. Significant management judgement is applied in determining the calculation model and selecting the inputs to calculate the ECL rate.	We performed the following procedures to address this key audit matter: (i) We obtained an understanding of management's internal controls and assessment process of the ECL of trade receivables and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud; (ii) We evaluated and tested management's relevant controls in relation to the assessment of ECL of trade receivables; (iii) We assessed the competence, capabilities and objectivity of the external valuer engaged by management; (iv) We involved our in-house valuation experts to assess the appropriateness of the model used to calculate the credit loss allowance adopted by management by considering the nature and characteristics of trade debtors;

Key Audit Matter	How our audit addressed the Key Audit Matter
For trade receivables from third parties, the calculation of ECL was based on the Group's historical ageing profile of the receivables and an adjustment of forward-looking information including general economic conditions. For trade receivables from related parties, the calculation of ECL was based on the credit risk characteristics of counter party, referring to the public information of its defaulted public-traded bonds, or the credit rating of comparable companies and relative probability of default. In addition, an assessment of forward-looking information, including general economic conditions was considered. Management has engaged a qualified independent valuer to assist them in the ECL modelling and calculation. Given the magnitude of the balance of trade receivables and the assessment of the ECL of trade receivables which involved significant judgements and estimates made by management, we consider the assessment of the ECL of trade receivables a key audit matter.	(v) We assessed and challenged the reasonableness of management's assessment of estimated credit losses by considering the reasonableness of grouping category of trade debtors, checking the accuracy of the ageing of trade receivables, checking the public traded bond prices and repayment schedule to the publicly available information and supporting documents and comparing the estimated default rate to existing market data. (vi) We involved our in-house valuation experts to assess the appropriateness of forward-looking adjustments, including evaluation of the calculation model and management's selection of economic growth data under different scenarios in light of the published macroeconomics data; and (vii) We checked the mathematical accuracy of the calculation of the provision for loss allowance. We found the significant judgements and estimates made by management in relation to the assessment of the ECL of trade receivables were supportable by available evidences.

Key Audit Matter	How our audit addressed the Key Audit Matter
Goodwill impairment assessment	
Refer to note 4 'Critical accounting estimates and judgements' and note 18 'Intangible assets' to the consolidated financial statements. As at 31 December 2024, the Group had goodwill of approximately RMB1,140 million, which accounted for approximately 11% of the total assets of the Group. The goodwill mainly arose from the Group's acquisition of Zhejiang New Century Property Management Co., Ltd. ("NCPM") and its subsidiaries ("NCPM Group") amounted to approximately RMB1,020 million in 2020 and Zhangtai Services Group Co., Ltd. ("Zhangtai Services") and its subsidiaries ("Zhangtai Services Group") amounted to approximately RMB595 million in 2021. Management has assessed the goodwill impairment and impairment losses of goodwill amounting to RMB75 million was recognised in the current year. For the purposes of goodwill impairment assessment, management considered NCPM Group and Zhangtai Services Group as a separate group of cash-generating-units ("CGUs") and goodwill has been allocated to NCPM Group and Zhangtai Services Group, respectively. Management assessed the impairment of goodwill by determining the recoverable amount of respective CGUs based on value-in-use ("VIU") calculation. The VIU calculation used discounted cash flow forecasts based on financial budgets approved by management. Management has engaged an qualified independent valuer to assist them in the VIU calculation.	We performed the following procedures to address this key audit matter: (i) We obtained an understanding of management's assessment process of goodwill impairment and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud; (ii) We evaluated management's identification of CGUs and allocation of goodwill based on the Group's accounting policy and our understanding of the Group's business; (iii) We assessed the competence, capabilities and objectivity of the external valuer engaged by management; (iv) We involved our in-house valuation experts to assess the appropriateness of the method adopted by management to perform goodwill impairment assessment. We assessed the terminal growth rate and pre-tax discount rate with reference to the long-term inflation rate and benchmarking pre-tax discount rate against other similar property management companies, respectively;

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

Other Information

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

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

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

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

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

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

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 24 March 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	Year ended 31 December 2024 RMB'000	2023 RMB'000
Revenue	6	**6,969,501**	7,009,517
Cost of sales	7	**(5,442,228)**	(5,341,657)
Gross profit		**1,527,273**	1,667,860
Administrative expenses	7	**(569,593)**	(634,272)
Selling and marketing expenses	7	**(56,860)**	(62,846)
Impairment of goodwill and other intangible assets	18	**(74,936)**	(479,343)
Net impairment losses on financial assets	7	**(1,387,985)**	(850,192)
Other income	9	**44,532**	68,369
Other losses – net	10	**(86,035)**	(122,004)
Operating loss		**(603,604)**	(412,428)
Finance income		**39,505**	62,279
Finance costs		**(6,197)**	(6,761)
Finance income – net	11	**33,308**	55,518
Share of post-tax profits of associates and joint ventures accounted for using the equity method, net	20	**(829)**	5,319
Loss before income tax		**(571,125)**	(351,591)
Income tax credits/(expense)	13	**137,986**	(41,592)
Loss for the year		**(433,139)**	(393,183)
Other comprehensive income for the year		**—**	—
Total comprehensive loss for the year		**(433,139)**	(393,183)
Total comprehensive loss attributable to:			
– Owners of the Company		**(451,197)**	(435,068)
– Non-controlling interests		**18,058**	41,885
		(433,139)	(393,183)
Loss per share (expressed in RMB per share)			
– Basic loss per share	14	**(0.15)**	(0.14)
– Diluted loss per share	14	**(0.15)**	(0.14)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	As at 31 December 2024 RMB'000	2023 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	**99,704**	100,439
Right-of-use assets	16	**69,217**	64,390
Investment properties	17	**50,097**	36,427
Intangible assets	18	**1,448,495**	1,601,256
Deferred tax assets	29	**963,350**	648,470
Investments accounted for using the equity method	20	**33,464**	56,683
Financial assets at fair value through profit or loss	24	**189,793**	294,962
Other receivables	21	**149,526**	50,758
Prepayments	22	**1,233**	3,375
Bank deposits with the maturity over one year	23	**—**	50,000
		3,004,879	2,906,760
Current assets			
Inventories		**45,573**	54,540
Trade and other receivables	21	**3,440,652**	4,266,886
Prepayments	22	**27,016**	31,076
Cash and cash equivalents	23	**4,027,790**	3,979,504
Restricted cash		**24,563**	52,682
Bank deposits with the maturity over three months	23	**15,000**	76,003
Financial assets at fair value through profit or loss	24	**1,428**	277,378
Other current assets		**3,444**	—
		7,585,466	8,738,069
Total assets		**10,590,345**	11,644,829
EQUITY AND LIABILITIES			
Equity attributable to the owners of the Company			
Share capital	25	**25,645**	25,645
Reserves	27	**5,290,650**	5,707,086
(Accumulated losses)/retained earnings		**(151,163)**	302,293
		5,165,132	6,035,024
Non-controlling interests		**154,244**	202,482
Total equity		**5,319,376**	6,237,506

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		As at 31 December	
	Notes	**2024**	2023
		RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities	16	**98,695**	100,003
Deferred tax liabilities	29	**41,064**	68,610
		139,759	168,613
Current liabilities			
Lease liabilities	16	**22,105**	18,432
Trade and other payables	28	**2,841,468**	3,036,874
Contract liabilities	6(a)	**1,940,878**	1,816,461
Current income tax liabilities		**326,759**	366,943
		5,131,210	5,238,710
Total liabilities		**5,270,969**	5,407,323
Total equity and liabilities		**10,590,345**	11,644,829

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

The financial statements on pages 66 to 154 were approved by the Board of Directors on 24 March 2025 and were signed on its behalf.

Cao Hongling
Director

Yang Man
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Note	Attributable to the owners of the Company					
		Share capital RMB'000	Reserves RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total Equity RMB'000
Balance at 1 January 2023		25,645	6,163,342	1,414,716	7,603,703	165,326	7,769,029
Total comprehensive income		—	—	(435,068)	(435,068)	41,885	(393,183)
Transactions with owners, recognised directly in equity							
Capital contributions from non-controlling interests		—	—	—	—	120	120
Dividends to the shareholders of the Company		—	(427,015)	(671,594)	(1,098,609)	—	(1,098,609)
Changes in non-controlling shareholders' put option		—	(54,700)	—	(54,700)	—	(54,700)
Share award scheme-value of employee services	26	—	19,698	—	19,698	—	19,698
Disposal of subsidiaries		—	—	—	—	(2,894)	(2,894)
Dividends paid to non-controlling interests		—	—	—	—	(1,955)	(1,955)
Appropriation of statutory reserves	27(a)	—	5,761	(5,761)	—	—	—
Balance at 31 December 2023		25,645	5,707,086	302,293	6,035,024	202,482	6,237,506

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

		Attributable to the owners of the Company					
	Note	Share capital RMB'000	Reserves RMB'000	(Accumulated loss)/retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total Equity RMB'000
Balance at 1 January 2024		**25,645**	**5,707,086**	**302,293**	**6,035,024**	**202,482**	**6,237,506**
Total comprehensive income		**—**	**—**	**(451,197)**	**(451,197)**	**18,058**	**(433,139)**
Transactions with owners, recognised directly in equity							
Capital contributions from non-controlling interests		—	—	—	—	1,980	1,980
Dividends to the shareholders of the Company		—	(448,206)	—	(448,206)	—	(448,206)
Changes in non-controlling shareholders' put option		—	18,906	—	18,906	—	18,906
Share award scheme-value of employee services	26	—	10,605	—	10,605	—	10,605
Disposal of subsidiaries		—	—	—	—	(971)	(971)
Dividends paid to non-controlling interests		—	—	—	—	(67,305)	(67,305)
Appropriation of statutory reserves	27(a)	—	2,259	(2,259)	—	—	—
Balance at 31 December 2024		**25,645**	**5,290,650**	**(151,163)**	**5,165,132**	**154,244**	**5,319,376**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Note	Year ended 31 December 2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Cash generated from operations	31(a)	**430,803**	1,064,667
Income tax paid		**(244,624)**	(202,424)
Net cash generated from operating activities		**186,179**	862,243
Cash flows from investing activities			
Payments for purchases of property, plant and equipment and intangible assets		**(61,438)**	(89,174)
Proceeds from/(payments for) bank deposits		**111,003**	(53,648)
Payments for financial assets at fair value through profit or loss ("FVPL")		**(4,275,375)**	(2,401,000)
Capital injection in a joint venture		**—**	(745)
Proceeds from redemption of financial assets at FVPL		**4,583,124**	2,876,568
Proceeds from disposal of property, plant and equipment		**6,402**	4,193
Proceeds from disposal of a joint venture and an associate		**7,893**	8,590
(Payments for)/proceeds from disposal of subsidiaries		**(2,083)**	4,089
Dividend received from joint ventures and associates		**14,077**	4,770
Principal elements of lease receivables		**4,084**	2,114
Interest received		**12,783**	12,594
Net cash generated from investing activities		**400,470**	368,351
Cash flows from financing activities			
Capital contribution from non-controlling interests		**1,980**	120
Dividends paid to the Company's shareholders		**(448,206)**	(1,098,609)
Dividends paid to non-controlling interests		**(67,305)**	(1,955)
Interest paid		**(6,197)**	(6,761)
Principal elements of lease payments		**(21,439)**	(22,783)
Net cash used in financing activities		**(541,167)**	(1,129,988)
Net increase in cash and cash equivalents		**45,482**	100,606
Cash and cash equivalents at beginning of the year		**3,979,504**	3,878,267
Effects of exchange rate changes on cash and cash equivalents		**2,804**	631
Cash and cash equivalents at end of the year	23	**4,027,790**	3,979,504

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

1 General information

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

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

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

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

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

2 Basis of preparation

(I) COMPLIANCE WITH HKFRS AND THE DISCLOSURE REQUIREMENT OF THE HKCO

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

HKFRS comprise the following authoritative literature:

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

(II) HISTORICAL COST CONVENTION

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss and investment properties that are measured at fair value.

2 Basis of preparation (Continued)

(iii) NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The Group has applied the following new and amended standards for its annual reporting period commencing 1 January 2024:

Amendments to HKAS 1 – *Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants*
Amendments to HKAS7 and HKFRS 7 – *Supplier Finance Arrangements*
Amendments to HKFRS 16 – *Lease Liability in Sale and Leaseback*
Hong Kong Interpretation 5 (Revised) – *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

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

(iv) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED BY THE GROUP

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

	Effective for the financial year beginning on or after
Amendments to HKAS 21 – *Lack of Exchangeability*	1 January 2025
Amendments to HKFRS 9 and HKFRS 7 – Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to HKFRS Accounting Standards – *Volume 11*	1 January 2026
HKFRS 18, "*Presentation and Disclosure in Financial Statements*" and Hong Kong Interpretation 5 – *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*	1 January 2027
HKFRS 19, "*Subsidiaries without Public Accountability: Disclosures*"	1 January 2027

3 Financial risk management

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

3.1 FINANCIAL RISK FACTORS

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

(a) Foreign exchange risk

The Group's normal operating activities are principally conducted in RMB since all of the operating entities are based in the PRC, except for proceeds from certain financing activities, including the initial public offering, which are denominated in Hong Kong Dollar ("HKD"). The foreign currency balances as at 31 December 2024 were primarily related to bank deposits denominated in HKD and United States dollar ("USD") (note 23).

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

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Assets		
USD	**4**	4
HKD	**40,676**	90,295

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

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Net foreign exchange gains included in other losses – net	**2,804**	631

As at 31 December 2024, if RMB had strengthened/weakened by 5% against the HK dollar with all other variables held constant, the post-tax loss for the year would have been RMB1.53 million lower/higher (2023: RMB3.39 million lower/higher).

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

3 Financial risk management (Continued)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk

(i) Risk management

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

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

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

3 Financial risk management (Continued)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (Continued)

(ii) Impairment of financial assets

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

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

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

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

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

3 Financial risk management (Continued)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

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

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

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

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

Trade receivables

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

For trade receivables from third parties, the ECL were estimated using a provision matrix based on the history ageing profile of these receivables over a period of 5 years before 31 December 2024 or 1 January 2024 respectively and the corresponding historical credit losses experience within this period, and an assessment of forward-looking information, including general economic conditions.

3 Financial risk management (Continued)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables (Continued)

For trade receivables from related parties, the calculation of ECL was based on the credit risk characteristics of counter party referring to the market public information of its defaulted public-traded bonds or the credit rating of comparable companies and relative probability of default, and an assessment of forward-looking information, including general economic conditions.

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

On that basis, the loss allowance as at 31 December 2024 and 2023 was determined as follows for trade receivables:

	Ageing analysis						
	Within 1 year RMB'000	1–2 years RMB'000	2–3 years RMB'000	3–4 years RMB'000	4–5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Third parties							
At 31 December 2024							
Expected loss rate	**10%**	**32%**	**47%**	**61%**	**71%**	**91%**	**24%**
Gross carrying amount	**1,851,835**	**686,318**	**367,216**	**193,364**	**47,622**	**55,524**	**3,201,879**
Loss allowance	**183,593**	**219,840**	**172,002**	**117,561**	**33,959**	**50,350**	**777,305**
At 31 December 2023							
Expected loss rate	8%	28%	38%	50%	64%	81%	18%
Gross carrying amount	1,563,145	573,084	241,031	57,381	26,285	31,571	2,492,497
Loss allowance	129,193	160,328	92,517	28,811	16,806	25,676	453,331

3 Financial risk management (Continued)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables (Continued)

	Total RMB'000
Related parties	
At 31 December 2024	
Guaranteed	
Expected loss rate	**—**
Gross carrying amount	**410,170**
Loss allowance	**—**
Not Guaranteed	
Expected loss rate	**94%**
Gross carrying amount	**2,876,119**
Loss allowance	**2,694,958**
Gross carrying amount total	**3,286,289**
Loss allowance total	**2,694,958**
At 31 December 2023	
Guaranteed	
Expected loss rate	—
Gross carrying amount	638,205
Loss allowance	—
Not Guaranteed	
Expected loss rate	71%
Gross carrying amount	2,778,610
Loss allowance	1,981,554
Gross carrying amount total	3,416,815
Loss allowance total	1,981,554

Accounts receivables from related parties are guaranteed by certain assets held by the subsidiaries of Sunac China.

3 Financial risk management (Continued)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Other receivables (excluding amounts due from related parties)

Other receivables (excluding amounts due from related parties) mainly included payments on behalf of property owners, lease receivables, deposits and others. Management considered these receivables to be low credit risk, when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. In calculating the ECL rates, the Group considers historical loss rates for other receivables, and adjusts for forward looking macroeconomic data. On that basis, the loss allowance for other receivables (excluding amounts due from related parties) was limited to 12 months expected losses, which was RMB18.84 million as at 31 December 2024 (31 December 2023: RMB14.18 million).

Amounts due from related parties

The Group entered into agency services agreements about sales of car park spaces with the fellow subsidiaries under Sunac China and associates and joint ventures of Sunac China (the “Sunac China Group”) (the “Car Park Agency Agreements”).

Amounts due from related parties mainly included deposits paid for Car Park Agency Agreements and others. As at 31 December 2024, the Group has assessed that the expected loss rate for amounts due from fellow subsidiaries and related companies were still at Stage 3 given that the reasonable and supportive current and forwarding-looking information which indicate the financial assets was credit-impaired in credit risk.

The loss allowance as at 31 December 2024 and 2023 was determined as follows for amounts due from related parties:

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Other receivables				
At 31 December 2024				
Expected loss rate	—	—	**59%**	**59%**
Gross carrying amount	—	—	**783,155**	**783,155**
Loss allowance	—	—	**463,719**	**463,719**
At 31 December 2023				
Expected loss rate	—	—	23%	23%
Gross carrying amount	—	—	744,005	744,005
Loss allowance	—	—	167,661	167,661

3 Financial risk management (Continued)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

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

	As at 31 December 2024		
	Third parties RMB'000	**Related parties RMB'000**	**Total RMB'000**
Opening loss allowance at 1 January	**467,512**	**2,149,215**	**2,616,727**
Increase in loss allowance for trade receivables recognised in profit or loss during the year	**323,974**	**763,184**	**1,087,158**
Increase in loss allowance for other receivables recognised in profit or loss during the year	**4,661**	**296,058**	**300,719**
Receivables written off during the year through settlement of partial receivables	**—**	**(49,780)**	**(49,780)**
Closing loss allowance at 31 December	**796,147**	**3,158,677**	**3,954,824**

	As at 31 December 2023		
	Third parties RMB'000	Related parties RMB'000	Total RMB'000
Opening loss allowance at 1 January	158,146	1,618,931	1,777,077
Increase in loss allowance for trade receivables recognised in profit or loss during the year	305,107	415,193	720,300
Increase in loss allowance for other receivables recognised in profit or loss during the year	4,259	115,091	119,350
Closing loss allowance at 31 December	467,512	2,149,215	2,616,727

3 Financial risk management (Continued)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

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

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

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

	Year ended 31 December 2024		
	Third parties RMB'000	**Related parties RMB'000**	**Total RMB'000**
Impairment losses			
Movement in loss allowance for trade receivables	**323,974**	**763,184**	**1,087,158**
Movement in loss allowance for other receivables	**4,661**	**296,058**	**300,719**
Receivables written off during the year as uncollectible	**108**	**—**	**108**
Net impairment losses on financial assets	**328,743**	**1,059,242**	**1,387,985**

	Year ended 31 December 2023		
	Third parties RMB'000	Related parties RMB'000	Total RMB'000
Impairment losses			
Movement in loss allowance for trade receivables	305,107	415,193	720,300
Movement in loss allowance for other receivables	4,259	115,091	119,350
Receivables written off during the year as uncollectible	10,542	—	10,542
Net impairment losses on financial assets	319,908	530,284	850,192

3 Financial risk management (Continued)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Amounts due from related parties (Continued)

Of the above impairment losses, RMB1,087.16 million (2023: RMB720.30 million) relate to receivables arising from contracts with customers.

As at 31 December 2024, the gross carrying amount of trade and other receivables was RMB7,545.00 million (2023: RMB6,934.37 million) and thus the maximum exposure to loss was RMB3,590.18 million (2023: RMB4,317.64 million).

Financial assets at fair value through profit or loss

The Group is also exposed to credit risk in relation to debt investments that are measured at fair value through profit or loss. The maximum exposure at the end of the reporting period is the carrying amount of these investments (2024: RMB1.43 million; 2023: RMB277.38 million).

(c) Liquidity risk

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

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

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2024					
Trade and other payables (excluding accrued payroll and other taxes payable) (note 28)	2,325,275	—	—	—	2,325,275
Lease liabilities	25,975	21,456	50,287	44,596	142,314
At 31 December 2023					
Trade and other payables (excluding accrued payroll and other taxes payable) (note 28)	2,455,903	—	—	—	2,455,903
Lease liabilities	21,966	15,776	36,852	71,228	145,822

3 Financial risk management (Continued)

3.2 CAPITAL MANAGEMENT

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

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

As at 31 December 2024 and 2023, the Group maintained at net cash position.

3.3 FAIR VALUE ESTIMATION

(a) Financial assets

(i) Fair value hierarchy

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

Recurring fair value measurements

At 31 December 2024	Note	**Level 1 RMB'000**	**Level 2 RMB'000**	**Level 3 RMB'000**	**Total RMB'000**
Financial assets					
Financial assets at FVPL	24	**—**	**—**	**191,221**	**191,221**

Recurring fair value measurements

At 31 December 2023	Note	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets					
Financial assets at FVPL	24	—	—	572,340	572,340

During the year ended 31 December 2024, there were no transfers between different levels for recurring fair value measurements during the year.

3 Financial risk management (Continued)

3.3 FAIR VALUE ESTIMATION (CONTINUED)

(a) Financial assets (Continued)

(i) Fair value hierarchy (Continued)

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price already incorporates the market's assumptions with respect to changes in economic climate such as rising interest rates and inflation, as well as changes due to ESG risk.

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

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

The Group did not change any valuation techniques in determining the level 3 fair values.

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

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

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

As at 31 December 2024 and 2023, the Group's level 3 instruments included interest in an unlisted company and wealth management products.

3 Financial risk management (Continued)

3.3 FAIR VALUE ESTIMATION (CONTINUED)

(a) Financial assets (Continued)

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

The following table presents the changes in level 3 items for the years ended 31 December 2024 and 31 December 2023:

	Financial assets at FVPL		
	Wealth management products RMB'000	Interest in an unlisted company RMB'000	Total RMB'000
Opening balance 1 January 2023	720,803	418,101	1,138,904
Addition	2,401,000	—	2,401,000
Disposal	(2,876,568)	—	(2,876,568)
(Losses)/gains recognised in other losses – net*	32,143	(123,139)	(90,996)
Closing balance 31 December 2023	277,378	294,962	572,340
Addition	4,275,375	—	4,275,375
Disposal	(4,583,124)	—	(4,583,124)
(Losses)/gains recognised in other losses – net*	31,799	(105,169)	(73,370)
Closing balance 31 December 2024	1,428	189,793	191,221

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

2024	29	(105,169)	(105,140)
2023	3,353	(123,139)	(119,786)

3 Financial risk management (Continued)

3.3 FAIR VALUE ESTIMATION (CONTINUED)

(a) Financial assets (Continued)

(iv) Valuation inputs and relationships to fair value

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

	Fair value at				Range of significant unobservable inputs	
Description	**31 December 2024 RMB'000**	31 December 2023 RMB'000	**Valuation method**	**Significant unobservable inputs**	**2024**	2023
Interest in an unlisted company	**189,793**	294,962	Market approach, equity allocation model and option pricing method	Expected volatility rate	**56.28%**	56.0%
Wealth management products	**1,428**	277,378	Net assets value	na	**na**	na

Relationships of unobservable inputs to fair value are as follows:

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

3 Financial risk management (Continued)

3.3 FAIR VALUE ESTIMATION (CONTINUED)

(a) Financial assets (Continued)

(v) Valuation processes

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

(b) Non-financial assets

(i) Fair value hierarchy

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

At 31 December 2024	Note	**Level 1 RMB'000**	**Level 2 RMB'000**	**Level 3 RMB'000**	**Total RMB'000**
Investment properties	17	—	—	**50,097**	**50,097**

At 31 December 2023	Note	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Investment properties	17	—	—	36,427	36,427

During the year ended 31 December 2024, there were no reclassifications of non-financial assets between different levels for recurring fair value measurements.

3 Financial risk management (Continued)

3.3 FAIR VALUE ESTIMATION (CONTINUED)

(b) Non-financial assets (Continued)

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

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

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

Term & Reversion Method – rental income derived from the reversionary potential with unobservable inputs mainly including reversionary yield and market rental prices as the previous tenancies have already expired and the renewal arrangements are still under negotiation and will ultimately be determined according to market prices.

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

See note 17 for further information about the changes in level 3 items for the year ended 31 December 2024.

3 Financial risk management (Continued)

3.3 FAIR VALUE ESTIMATION (CONTINUED)

(b) Non-financial assets (Continued)

(iv) Valuation inputs and relationships to fair value

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

	Fair value at				Range of significant unobservable inputs	
Description	**31 December 2024 RMB'000**	31 December 2023 RMB'000	**Valuation method**	**Significant unobservable inputs**	**2024**	2023
Commercial and residential properties	**26,468**	36,427	Term & reversion method	Reversionary yield; Market rental prices	**Reversionary yield: 7.0% RMB71.40 per unit per month**	Reversionary yield: 6.25% RMB90 per unit per month

Relationships of unobservable inputs to fair value are as follows:

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

(v) Valuation processes

As at 31 December 2024, management performs valuations for its investment properties including commercial and residential properties.

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

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

4 Critical accounting estimates and judgements

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

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

(i) PRC CORPORATE INCOME TAXES AND DEFERRED TAXATION

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

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

(ii) ECL ON RECEIVABLES

The loss allowances on trade and other receivables are based on assumptions about risk of default and expected loss rates. The Group used judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's historical ageing profile of the receivables, existing market conditions and economic indicators for forward-looking adjustments at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 3.1(b).

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

4 Critical accounting estimates and judgements (Continued)

(iii) GOODWILL IMPAIRMENT

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

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

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

5 Segment information

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

During the year ended 31 December 2024, the Group is principally engaged in the provision of property management and operational services, community living services and value-added services to non-property owners in the PRC. Management reviews the operating results of the business by region in the PRC but these operating segments are aggregated into a single operating segment as the nature of services, the type of customers for services, the methods used to provide their services and the nature of regulatory environment is similar in different regions.

The principal operating entity of the Group is domiciled in the PRC. Accordingly, all of the Group's revenue was derived in the PRC during the year ended 31 December 2024.

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

6 Revenue of services

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

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

The Group had a large number of customers and none of whom contributed 10% or more of the Group's revenue for the year ended 31 December 2024 (2023: a large number of customers and none of whom contributed 10% or more of the Group's revenue).

6 Revenue of services (Continued)

(a) CONTRACT LIABILITIES

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

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

(i) Significant changes in contract assets and liabilities

As at 31 December 2024, the contract liabilities mainly arose from the advance payments made by customers while the underlying services were yet to be provided. The increase in contract liabilities from third parties during the year was in line with the growth of the Group's business.

(ii) Revenue recognised in relation to contract liabilities

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

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the year		
– Property management and operational services	**1,405,297**	1,221,797
– Community living services	**102,278**	111,145
– Value-added services to non-property owners	**12,468**	31,600
	1,520,043	1,364,542

6 Revenue of services (Continued)

(a) CONTRACT LIABILITIES (CONTINUED)

(iii) Unsatisfied performance obligation

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

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

During the years ended 31 December 2024 and 2023, there was no significant incremental cost to obtain a contract.

(b) ACCOUNTING POLICIES OF REVENUE RECOGNITION

The Group provides property management and operational services, community living services and value-added services to non-property owners. Revenue from providing services is recognised in the accounting period in which the services are rendered. It is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Group consider the customer's ability and intention to pay that amount of consideration when it is due. If a customer's ability to pay the consideration deteriorates significantly and when the Group conclude that it is not probable that the Group will collect the consideration to which they are entitled in exchange for the remaining goods or services that have been transferred to the customer, the Group recognises revenue only when the consideration are received.

The following is a description of the accounting policy for the principal revenue stream of the Group.

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

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

6 Revenue of services (Continued)

(b) ACCOUNTING POLICIES OF REVENUE RECOGNITION (CONTINUED)

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

For operational management services to owners of the shopping malls mainly include post-opening operation management services, for which the Group collects fees at a percentage of operating profit of the relevant shopping malls and revenue is recognised monthly when such services are provided.

Value-added services to non-property owners mainly includes (i) on-site sales assistance services, which mainly includes cleaning and security services to property developer, which are billed based on the pre-determined price and revenue is recognised when such services are provided; (ii) commission income for sales of properties or car park spaces, which are recognised on a net basis when the control of properties or the use rights of car park spaces are transferred to the customer.

Community living services mainly includes (i) commission from public resources management services, which is recognised over the time when such services are rendered; (ii) revenue from other community convenience services are charged for each service provided and recognised when the relevant services are rendered. Community related services are normally billable immediately upon the services are provided.

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

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

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

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

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

7 Expenses by nature

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

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Employee benefit expenses (note 8)	**2,739,078**	2,726,407
Security, maintenance, cleaning and greening costs	**2,306,516**	2,255,949
Net impairment losses on financial assets (note 3.1(b)(ii))	**1,387,985**	850,192
Utilities	**351,055**	339,430
Depreciation and amortisation	**154,686**	173,429
Consumable materials cost	**113,041**	108,523
Travelling and entertainment expenses	**82,911**	85,674
Office and communication expenses	**48,532**	58,021
Professional fees	**47,765**	40,667
Cost of goods sold	**44,634**	46,277
Taxes and surcharges	**29,451**	29,708
Rental expenses for short-term leases and low-value assets	**23,341**	34,686
Auditors' remuneration		
– Audit services	**3,850**	3,850
– Non-audit services	**—**	—
Others	**123,821**	136,154
	7,456,666	6,888,967

8 Employee benefit expenses

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Wages, salaries and bonuses	**2,218,447**	2,236,549
Social insurance expenses and housing funds (a)	**454,845**	409,834
Employee welfare	**55,181**	60,326
Share award granted to directors and employees (note 26)	**10,605**	19,698
	2,739,078	2,726,407

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

During the years ended 31 December 2023 and 2024, no forfeited contributions were utilised by the Group to reduce its contributions to the abovementioned social insurance plan for the respective years.

As at 31 December 2024, the contributions payable in respect of the above mentioned social insurance plan amounted to RMB38.68 million (31 December 2023: RMB38.98 million).

(b) Five highest paid individuals

For the year ended 31 December 2024, the five individuals whose emoluments were the highest in the Group include two (2023: two) directors whose emoluments are reflected in the analysis shown in note 35. The emoluments payable to the remaining three (2023: three) individuals during the year are as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Wages and salaries	**3,080**	3,062
Discretionary bonus	**2,054**	1,430
Social insurance expenses, housing benefits and other employee benefits	**245**	359
Share award expenses	**2,315**	2,774
	7,694	7,625

The emoluments fell within the following bands:

	Number of individuals	
	2024	2023
Emolument bands (in HKD)		
HKD2,500,001 – HKD3,000,000	**3**	2
HKD3,000,001 – HKD3,500,000	**—**	1

9 Other income

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Government grants (a)	**35,506**	28,841
Interest income	**9,026**	27,110
Additional deduction of input value-added tax	**—**	12,418
	44,532	68,369

(a) Government grants mainly represented financial support funds from government. There are no unfulfilled conditions or other contingencies attached to these grants.

DEFERRAL AND PRESENTATION OF GOVERNMENT GRANTS

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

10 Other losses – net

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Fair value losses from financial assets at FVPL	**(73,370)**	(90,996)
Fair value losses on investment properties	**(6,985)**	(14,848)
(Losses)/gains on disposal of investments in a joint venture and an associate – net	**(420)**	218
Losses on disposal of investments in subsidiaries – net	**(49)**	(251)
Losses on termination of sublease contracts	**—**	(8,218)
Gains on disposal of right-of-use assets in the sublease	**1,310**	2,020
Exchange gains	**2,804**	631
Others	**(9,325)**	(10,560)
	(86,035)	(122,004)

11 Finance income – net

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Finance cost		
Interest expenses for lease liabilities	**(6,197)**	(6,761)
Finance income		
Interest income on bank deposits	**36,584**	60,074
Interest income for lease receivables	**2,921**	2,205
	39,505	62,279
	33,308	55,518

12 Subsidiaries

The Group's principal subsidiaries at 31 December 2024 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The directors are of the opinion that a complete list of the particulars of all subsidiaries will be of excessive length and therefore the following list contains only the particulars of subsidiaries as at 31 December 2024 which principally affect the results or assets of the Group.

Name of the subsidiaries	Date of incorporation/ acquisition and kind of legal entity	Nominal value of issued and fully paid share capital/ registered capital	Equity interests held by the Group 31 December		Equity interests held by non-controlling interests 31 December		Principal activities and place of operation
			2024	2023	**2024**	2023	
Directly held by the Company:							
Rising Excellent (BVI) Investment Limited (formerly named Sunac Services Investment I Limited)	8 January 2019, Limited liability	USD1	**100%**	100%	**—**	—	Investment Holding company, BVI
Rising Far (BVI) Investment Limited (formerly named Sunac Services Investment II Limited)	8 January 2019, Limited liability	USD1	**100%**	100%	**—**	—	Investment Holding company, BVI
Rising Flourish (BVI) Investment Limited (formerly named Sunac Services Investment III Limited)	8 January 2019, Limited liability	USD1	**100%**	100%	**—**	—	Investment Holding company, BVI
Rising Cosmos (BVI) Investment Limited (formerly named Sunac Services Investment IV Limited)	16 April 2021, Limited liability	USD1	**100%**	100%	**—**	—	Investment Holding company, BVI
Rising Luck (BVI) Investment Limited (formerly named Sunac Services Investment V Limited)	16 April 2021, Limited liability	USD1	**100%**	100%	**—**	—	Investment Holding company, BVI
Indirectly held by the Company:							
Sunac Life Services Group Limited	11 January 2019, Limited liability	USD1	**100%**	100%	**—**	—	Investment Holding company, Cayman Islands
Grace Home (BVI) Investment Limited	8 January 2019, Limited liability	USD1	**100%**	100%	**—**	—	Investment Holding company, BVI
Grace Home (HK) Investment Limited	4 February 2019, Limited liability	USD1	**100%**	100%	**—**	—	Investment Holding company, Hong Kong
Tianjin Rongjia Property Service Ltd.*	28 March 2019, Limited liability	RMB550,000,000	**100%**	100%	**—**	—	Property management, Tianjin, the PRC

12 Subsidiaries (Continued)

Name of the subsidiaries	Date of incorporation/ acquisition and kind of legal entity	Nominal value of issued and fully paid share capital/ registered capital	Equity interests held by the Group 31 December 2024	Equity interests held by the Group 31 December 2023	Equity interests held by non-controlling interests 31 December 2024	Equity interests held by non-controlling interests 31 December 2023	Principal activities and place of operation
Indirectly held by the Company: (Continued)							
Tianjin Rongzhen Investment Co., Ltd.*	9 March 2020, Limited liability	HKD1,400,000,000	**100%**	100%	**—**	—	Investment activity, Tianjin, the PRC
Tianjin Rongyuan Management Consultancy Co., Ltd.* (formerly named Tianjin Rongyue Management Consultancy Co., Ltd.)	21 March 2020, Limited liability	RMB1,100,000,000	**100%**	100%	**—**	—	Socioeconomic counselling, Tianjin, the PRC
Hainan Rongjing Investment Company Co., Ltd.*	15 December 2020, Limited liability	RMB3,300,000,000	**100%**	100%	**—**	—	Investment activity, Haikou, the PRC
Hainan Rongrui Business Management Consultancy Co., Ltd.*	16 December 2020, Limited liability	RMB3,300,000,000	**100%**	100%	**—**	—	Consulting services, Haikou, the PRC
Ningbo Rongjia Business Management Consultancy Co., Ltd.*	26 November 2021, Limited liability	RMB500,000,000	**100%**	100%	**—**	—	Consulting services, Ningbo, the PRC
Zhejiang Rongjing Business Management Consultancy Co., Ltd.*	11 May 2022, Limited liability	RMB500,000,000	**100%**	100%	**—**	—	Consulting services, Ningbo, the PRC
Zhejiang Rongyu Business Management Consultancy Co., Ltd.*	27 May 2022, Limited liability	RMB500,000,000	**100%**	100%	**—**	—	Consulting services, Ningbo, the PRC
Zhejiang Jingyu Business Management Consultancy Co., Ltd.*	28 September 2022, Limited liability	RMB10,000,000	**100%**	100%	**—**	—	Consulting services, Hangzhou, the PRC
Zhejiang New Century Property Management Co., Ltd. ("NCPM")	7 May 2020, Limited liability	RMB51,333,750	**99.50%**	99.50%	**0.50%**	0.50%	Property management, Hangzhou, the PRC
Sunac Property Services Group Co., Ltd.	16 January 2004, Limited liability	RMB300,000,000	**100%**	100%	**—**	—	Property management, Tianjin, the PRC
Chongqing Sunac Property Management Limited	10 September 2004, Limited liability	RMB5,000,000	**100%**	100%	**—**	—	Property management, Chongqing, the PRC
Chengdu Huanrong Property Services Co., Ltd. (the "Chengdu Huanrong)	3 April 2020, Limited liability	RMB5,000,000	**70%**	70%	**30%**	30%	Property management, Chengdu, the PRC
Chengdu Global Century Property Services Co., Ltd.	31 December 2019, Limited liability	RMB5,000,000	**66.5%**	66.5%	**33.5%**	33.5%	Property management, Chengdu, the PRC
Tianjin Sunac Tourism Property Co., Ltd.	24 January 2018, Limited liability	RMB10,000,000	**100%**	100%	**—**	—	Commercial housing agent sales, Tianjin, the PRC

12 Subsidiaries (Continued)

Name of the subsidiaries	Date of incorporation/ acquisition and kind of legal entity	Nominal value of issued and fully paid share capital/ registered capital	Equity interests held by the Group 31 December		Equity interests held by non-controlling interests 31 December		Principal activities and place of operation
			2024	2023	**2024**	2023	
Indirectly held by the Company: (Continued)							
Tianjin Sunac Zhijia Life Services Co., Ltd.	25 December 2018, Limited liability	RMB2,000,000	**100%**	100%	**—**	—	Household services, Tianjin, the PRC
Hubei Ronglin Real Estate Brokerage Co., Ltd.	3 July 2019, Limited liability	RMB20,000,000	**100%**	100%	**—**	—	Property agency services, Wuhan, the PRC
Tianjin Ruimeng Engineering Technology Service Co., Ltd. (formerly named Tianjin Sunac Engineering Equipment Installation Co., Ltd.)	13 May 2016, Limited liability	RMB25,000,000	**100%**	100%	**—**	—	Engineering services, Tianjin, the PRC
Guangxi Zhangtai Property Services Group Co., Ltd. (the "Guangxi Zhangtai")	30 April 2021, Limited liability	RMB20,618,600	**80%**	80%	**20%**	20%	Property management, Guilin, the PRC
Tianjin Sunac Property Management Services Co., Ltd.	21 June 2010, Limited liability	RMB5,000,000	**100%**	100%	**—**	—	Property management, Tianjin, the PRC
Rongle Times (Hainan) Business Management Co., Ltd.	20 February 2021, Limited liability	RMB10,000,000	**100%**	100%	**—**	—	Commercial operational services, Haikou, the PRC

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

* Registered as wholly foreign owned enterprises under PRC law

12 Subsidiaries (Continued)

(a) MATERIAL NON-CONTROLLING INTERESTS

Set out below is summarised financial information for the subsidiary, Guangxi Zhangtai and Chengdu Huanrong and its subsidiaries, which has non-controlling interests that are material to the Group. The amounts disclosed are before inter-company eliminations.

	Guangxi Zhangtai		Chengdu Huanrong and its subsidiaries	
	As at 31 December		As at 31 December	
	2024	2023	**2024**	2023
	RMB'000	RMB'000	**RMB'000**	RMB'000
Summarised statement of financial position				
Current assets	**509,885**	561,021	**192,935**	170,004
Current liabilities	**(328,829)**	(314,769)	**(96,652)**	(80,579)
Current net assets	**181,056**	246,252	**96,283**	89,425
Non-current assets	**40,621**	44,136	**15,544**	70,330
Non-current liabilities	**—**	—	**—**	(1,068)
Non-current net assets	**40,621**	44,136	**15,544**	69,262
Net assets	**221,677**	290,388	**111,827**	158,687
Accumulated non-controlling interests	**58,795**	82,863	**36,347**	51,087
Summarised statement of comprehensive income				
Revenue	**491,944**	479,885	**202,465**	185,481
Total comprehensive income for the period	**70,159**	67,419	**37,551**	22,676
Profit allocated to non-controlling interests	**9,922**	10,462	**12,416**	7,672
Dividends paid to non-controlling interests	**(35,970)**	—	**(27,156)**	—
Summarised cash flows				
Cash flows from operating activities	**92,959**	86,629	**26,647**	49,474
Cash flows from investing activities	**(1,160)**	22,364	**51,516**	(69,283)
Cash flows from financing activities	**(138,870)**	—	**(84,412)**	—

13 Income tax (credits)/expense

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

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Current income tax	**204,440**	299,973
Deferred income tax (note 29)	**(342,426)**	(258,381)
	(137,986)	41,592

The reconciliation from income tax calculated based on the applicable tax rates and total loss presented in the consolidated statements of comprehensive loss to the income tax (credits)/expense is listed below:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Loss before income tax	**(571,125)**	(351,591)
Tax calculated at applicable corporate income tax rate of 25%	**(142,781)**	(87,898)
Tax effects of:		
– Different overseas tax rates	**2,054**	1,424
– Different preferential tax rates	**(19,881)**	(23,863)
– Share of profits of investments accounted for using equity method, net	**206**	(1,330)
– Derecognition/(recognition) of previously deductible temporary differences due to change of tax rate	**13,932**	(8,000)
– Expenses not deductible for taxation purposes	**17,969**	123,853
– Income not taxable for tax purpose	**(4,781)**	(873)
– Dividends tax for distributable profits of PRC subsidiaries	**(4,704)**	38,279
	(137,986)	41,592

13 Income tax (credits)/expense (Continued)

(i) CAYMAN ISLANDS INCOME TAX

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

(ii) HONG KONG PROFITS TAX AND BVI INCOME TAX

No provision for Hong Kong profits tax was made as the Group did not derive any income subject to Hong Kong profits tax during the year ended 31 December 2024 (2023: Nil).

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

(iii) PRC CORPORATE INCOME TAX

Income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the years/periods, based on the existing legislation, interpretations and practices in respect thereof. The statutory tax rate was 25% for the years of 2024 and 2023.

According to relevant PRC tax laws and regulations, certain subsidiaries of the Group which are registering and operating in western region of Mainland China are entitled for a preferential corporate income tax rate of 15% for ten years up to 2030.

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

14 Loss per share

The basic loss per share is calculated by dividing the loss attributable to the owners of the Company by the weighted-average number of ordinary shares in issue during the year (note 25).

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

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

15 Property, plant and equipment

	Machinery and electronic equipment RMB'000	Vehicles RMB'000	Furniture and office equipment RMB'000	Leasehold Improvements RMB'000	Buildings RMB'000	Assets under construction RMB'000	Total RMB'000
As at 1 January 2023							
Cost	147,025	14,324	19,051	19,573	409	3,938	204,320
Accumulated depreciation	(61,537)	(6,594)	(6,631)	(15,120)	(68)	—	(89,950)
Net book amount	85,488	7,730	12,420	4,453	341	3,938	114,370
Year ended 31 December 2023							
Opening net book amount	85,488	7,730	12,420	4,453	341	3,938	114,370
Additions	19,322	3,355	2,122	1,936	—	2,479	29,214
Transfer from assets under construction	1,273	—	—	—	—	(1,273)	—
Disposals	(5,121)	(434)	(295)	—	—	—	(5,850)
Depreciation charges	(28,320)	(3,156)	(3,176)	(2,545)	(98)	—	(37,295)
Closing net book amount	72,642	7,495	11,071	3,844	243	5,144	100,439
As at 31 December 2023							
Cost	162,498	17,245	20,878	21,509	409	5,144	227,683
Accumulated depreciation	(89,856)	(9,750)	(9,807)	(17,665)	(166)	—	(127,244)
Net book amount	72,642	7,495	11,071	3,844	243	5,144	100,439
Year ended 31 December 2024							
Opening net book amount	**72,642**	**7,495**	**11,071**	**3,844**	**243**	**5,144**	**100,439**
Additions	**22,154**	**3,430**	**3,312**	**—**	**—**	**11,277**	**40,173**
Transfer from assets under construction	**9,228**	**—**	**—**	**—**	**—**	**(9,228)**	**—**
Disposals	**(3,870)**	**(866)**	**(461)**	**—**	**—**	**—**	**(5,197)**
Depreciation charges	**(28,296)**	**(2,972)**	**(2,596)**	**(1,782)**	**(65)**	**—**	**(35,711)**
Closing net book amount	**71,858**	**7,087**	**11,326**	**2,062**	**178**	**7,193**	**99,704**
As at 31 December 2024							
Cost	**177,498**	**15,560**	**20,978**	**21,509**	**376**	**7,193**	**243,114**
Accumulated depreciation	**(105,640)**	**(8,473)**	**(9,652)**	**(19,447)**	**(198)**	**—**	**(143,410)**
Net book amount	**71,858**	**7,087**	**11,326**	**2,062**	**178**	**7,193**	**99,704**

(i) Depreciation expense of RMB31.90 million, nil and RMB3.81 million (2023: RMB25.91 million, RMB0.01 million and RMB11.38 million) has been charged to "cost of sales", "selling and marketing expenses" and "administrative expenses", respectively.

15 Property, plant and equipment (Continued)

(ii) DEPRECIATION METHODS AND USEFUL LIVES

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

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

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

16 Leases

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

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

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

Right-of-use assets	Properties RMB'000	Vehicles and others RMB'000	Total RMB'000
As at 1 January 2023			
Cost	174,975	7,292	182,267
Accumulated depreciation	(79,578)	(3,166)	(82,744)
Net book amount	95,397	4,126	99,523
Year ended 31 December 2023			
Opening net book amount	95,397	4,126	99,523
Additions	10,136	—	10,136
Depreciation charges	(27,313)	(2,284)	(29,597)
Disposals	(15,672)	—	(15,672)
Closing net book amount	62,548	1,842	64,390
As at 31 December 2023			
Cost	127,974	7,321	135,295
Accumulated depreciation	(65,426)	(5,479)	(70,905)
Net book amount	62,548	1,842	64,390
Year ended 31 December 2024			
Opening net book amount	**62,548**	**1,842**	**64,390**
Additions	**27,608**	**748**	**28,356**
Depreciation charges	**(17,821)**	**(1,171)**	**(18,992)**
Disposals	**(4,537)**	**—**	**(4,537)**
Closing net book amount	**67,798**	**1,419**	**69,217**
As at 31 December 2024			
Cost	**137,809**	**7,431**	**145,240**
Accumulated depreciation	**(70,011)**	**(6,012)**	**(76,023)**
Net book amount	**67,798**	**1,419**	**69,217**

16 Leases (Continued)

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

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Lease liabilities		
Current	**22,105**	18,432
Non-current	**98,695**	100,003
	120,800	118,435

(b) AMOUNTS RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME

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

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Depreciation charge of right-of-use assets	**18,992**	29,597
Interest expense (included in finance costs)	**6,197**	6,761
Interest income from sublease (included in finance income)	**2,921**	2,205
Expense relating to short-term leases and low-value assets (included in cost of sales, selling and marketing expenses, and administrative expenses)	**23,341**	34,686

The total cash outflow for leases for the year ended 31 December 2024 is RMB50.98 million (2023: RMB64.23 million).

(c) THE GROUP'S LEASING ACTIVITIES AND HOW THESE ARE ACCOUNTED FOR

The Group leases various property, equipment and vehicles. Rental contracts are typically made for fixed periods from 14 months to 15 years.

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use assets is depreciated over the underlying asset's useful life.

16 Leases (Continued)

(c) THE GROUP'S LEASING ACTIVITIES AND HOW THESE ARE ACCOUNTED FOR (CONTINUED)

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

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

17 Investment properties

	Completed investment properties RMB'000
As at 1 January 2023	51,192
Addition	83
Fair value changes (Note 3.3(b))	(14,848)
As at 31 December 2023	**36,427**
Addition	**21,459**
Disposal	**(804)**
Fair value changes (Note 3.3(b))	**(6,985)**
As at 31 December 2024	**50,097**

The Group's investment properties mainly represent commercial and residential properties located in the PRC.

17 Investment properties (Continued)

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

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Rental income	**—**	1,858
Direct operating expenses from property that generated rental income	**—**	446
Fair value changes recognised in other losses – net	**(6,985)**	(14,848)

(ii) MEASURING INVESTMENT PROPERTY AT FAIR VALUE

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

Changes in fair values are presented in profit or loss as part of other gains/(losses).

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

(iii) PRESENTING CASH FLOWS

The Group classifies cash outflows to acquire or construct investment property as investing and rental inflows as operating cash flows.

(iv) LEASING ARRANGEMENTS

The investment properties are leased to tenants under operating leases with rentals payable monthly. There are no significant variable lease payments that depend on an index or rate. Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term.

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

18 Intangible assets

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

Amortisation expenses of approximately RMB53.03 million (2023: approximately RMB68.23 million) has been charged to "cost of sales" and approximately RMB46.95 million (2023: approximately RMB38.31 million) has been charged to "administrative expenses".

18 Intangible assets (Continued)

(a) AMORTISATION METHODS AND PERIODS

The Group amortises intangible assets with a finite useful life using the straight-line method over the following periods:

	Estimated useful lives
Software	3-5 years
Customer relationships	5-8 years
Brand	10 years

(b) GOODWILL

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

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

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
NCPM	**547,526**	547,526
Zhangtai Services Group Co., Ltd. (the "Zhangtai Services")	**519,909**	594,613
Others	**72,707**	72,707
	1,140,142	1,214,846

The goodwill mainly arose from the Group's acquisition of NCPM amounted to approximately RMB1,020 million in 2020 and Zhangtai Services amounted to approximately RMB595 million in 2021.

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

Assumption

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

18 Intangible assets (Continued)

(b) GOODWILL (CONTINUED)

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

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

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

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

As at 31 December 2024, the recoverable amount of approximately RMB724.50 million, which was calculated based on value-in-use calculation, exceeded the carrying amount of the tested group of CGUs (including goodwill) of NCPM by approximately RMB44.52 million.

18 Intangible assets (Continued)

(b) GOODWILL (CONTINUED)

The directors of the Company have undertaken sensitivity analysis based on the reasonably possible changes for above key assumptions by taking into account the volatility of the business and industry in which the goodwill allocated projects are engaged. The following table sets forth all possible changes to the key assumptions of the impairment test and the changes taken in isolation in the value-in-use calculation that would remove the remaining headroom as of 31 December 2024:

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

For NCPM, if the annual revenue growth rate used in value-in-use calculation had been 5% lower than management estimates as of 31 December 2024, the recoverable amount would be higher than the carrying amount by approximately RMB38.73 million. If the expected pre-tax discount rate had been 5% higher than management estimates as of 31 December 2024, the recoverable amount calculated would be higher than the carrying amount by approximately RMB3.05 million. If the profit margin used in value-in-use calculation had been 5% lower than management estimates as of 31 December 2024, the recoverable amount would be higher than the carrying amount by approximately RMB8.95 million.

19 Financial instruments by category

The Group holds the following financial instruments:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents (note 23)	**4,027,790**	3,979,504
Restricted cash	**24,563**	52,682
Bank deposits with the maturity over three months/one year (note 23)	**15,000**	126,003
Trade and other receivables (note 21)	**3,590,178**	4,317,644
Financial assets at FVPL (note 24)	**191,221**	572,340
	7,848,752	9,048,173
Financial liabilities		
Liabilities at amortised cost		
Trade and other payables (excluding payroll payables and other taxes payables) (note 28)	**2,325,275**	2,455,903
Lease liabilities (note 16)	**120,800**	118,435
	2,446,075	2,574,338

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

20 Investments accounted for using the equity method

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

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Joint ventures (a)	**22,358**	23,109
Associates (b)	**11,106**	33,574
	33,464	56,683

20 Investments accounted for using the equity method (Continued)

(a) INVESTMENTS IN JOINT VENTURES

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
At 1 January	**23,109**	22,561
Capital injection to a joint venture	**—**	745
Disposal of a joint venture	**(510)**	(2,552)
Dividends declared	**(856)**	(1,708)
Share of profits of joint ventures	**615**	4,063
At 31 December	**22,358**	23,109

(b) INVESTMENTS IN ASSOCIATES

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
At 1 January	**33,574**	37,730
Disposal of an associate	**(7,803)**	(2,350)
Dividends declared	**(13,221)**	(3,062)
Share of profits of associates	**(1,444)**	1,256
At 31 December	**11,106**	33,574

(c) Set out below are the principal associates and joint ventures of the Group as at 31 December 2024. The entities listed below are non-listed companies and incorporated in the PRC. These entities have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entities	Nature of relationship	Registered capital (RMB million)	Equity interest attributable to the Group		Principal activities
			2024	2023	
Chongqing Rongbi Property Services Co., Ltd.	Joint venture	5	**50%**	50%	Property management

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

20 Investments accounted for using the equity method (Continued)

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

The directors of the Company consider that none of the joint ventures and associates as at 31 December 2024 was significant to the Group and thus the individual financial information of the joint ventures and associates was not disclosed.

As at 31 December 2024, there were no significant contingent liabilities and commitments relating to the Group's interests in the joint ventures and associates.

21 Trade and other receivables

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

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

21 Trade and other receivables (Continued)

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

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

(ii) Classification as trade receivables

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

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. The Group applies the simplified approach which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(iii) Other receivables mainly include refundable deposit paid to related parties, the payments on behalf of property owners in respect of utilities costs and the lease receivables in the sublease. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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

(v) Impairment and risk exposure

The Group assesses on a forward looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost. For the year ended 31 December 2024, out of total provision of approximately RMB3,860 million (2023: approximately RMB2,614 million) for trade and other receivables in current portion, a provision of approximately RMB3,472 million (2023: approximately RMB2,435 million) was made against the gross amounts of trade receivables.

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

Other receivables from related parties including refundable deposits for car park agency services are considered to have been credit-impaired with significant increase in credit risk since initial recognition. The Group applied the lifetime ECL at Stage 3 to determine the loss allowance to be recognised in 2024. For the year ended 31 December 2024, a provision of RMB463.72 million (2023: RMB167.66 million) was made against the gross amounts of other receivables.

Information about the Group's exposure to credit risk can be found in note 3.1 and note 3.1(b) provides for details about the calculation of the allowance.

22 Prepayments

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Non-current –		
Prepayments for property, plant and equipment and intangible assets	**1,233**	3,375
Current –		
Prepayments for utilities	**2,758**	3,044
Prepayments for short-term rental fees	**2,017**	5,103
Others	**22,241**	22,929
	27,016	31,076

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

23 Cash and cash equivalents and bank deposits

Cash on hand and demand deposit:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
RMB	**3,987,110**	3,965,208
HKD	**40,676**	14,292
USD	**4**	4
	4,027,790	3,979,504

Bank deposits with the maturity over three months/one year:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
RMB	**15,000**	50,000
HKD	**—**	76,003
	15,000	126,003

23 Cash and cash equivalents and bank deposits (Continued)

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

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

Bank deposits with the maturity over one year include bank deposits with principal of RMB15.00 million, which are interest-bearing on the fixed interest rate from 1.95% per annum. The principal and interest will be collected at the maturity date.

24 Financial assets at fair value through profit or loss

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Non-current –		
Investment in an unlisted entity (i)	**189,793**	294,962
Current –		
Wealth management products (ii)	**1,428**	277,378

(i) As at 31 December 2024, the Group held 22.46% shareholdings in an unlisted investee company which engaged in the provision of property management services. Management has assessed the level of influence that the Group exercised on this investment. Considering the Group has preferential in distribution and redemption rights on this investment, it has been classified as financial assets at fair value through profit or loss.

(ii) As at 31 December 2024, wealth management products represented the investment in certain principal guaranteed or non-principal guaranteed RMB denominated wealth management products, which had no fixed maturity date and had an expected return rate from 2.12% to 3.61% per annum.

(iii) Amounts recognised in profit or loss

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

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Fair value losses on investment in an unlisted entity and interest income on wealth management products recognised in other losses – net (note 10)	**(73,370)**	(90,996)

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

25 Share capital

		Share capital		
	Number of ordinary shares	HK$	US$	Equivalent to RMB'000
Authorised:				
At 31 December 2023 and 2024, HK$0.01 per share	**10,000,000,000**	**100,000,000**	**—**	
Issued and fully paid:				
As at 31 December 2023 and 2024	**3,056,844,000**	**30,568,440**	**—**	**25,645**

26 Share-based payments

SHARE AWARD SCHEME

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

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

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

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

For the year ended 31 December 2024, 12,200,000 shares in connection with the Share Award Scheme have been granted to the eligible employees of the Group for no cash consideration. 20% of these shares vest immediately at grant date, 20% of these shares vest after 10 months from the grant date, 30% of these shares vest after 22 months from the grant date and remaining 30% of shares vest after 34 months from the grant date. The eligible employees do not receive any dividends in relation to the shares till the vesting date.

26 Share-based payments (Continued)

SHARE AWARD SCHEME (CONTINUED)

The fair value of the shares granted to selected employees for nil consideration under the employee share award scheme is recognised as an expense over the relevant service period and the vesting period of the shares. The fair value is measured at the grant date of the shares and is recognised in equity in the share-based payment reserve. The fair value of the rights at grant date was estimated by taking the market price of the Company's shares on that date less the present value of expected dividends that will not be received by the eligible employees on their rights from the grant date to the vesting date. The number of shares expected to vest is estimated based on the non-market vesting conditions. The estimates are revised at the end of each reporting period and adjustments are recognised in profit or loss and the share-based payment reserve.

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

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

	Number of awarded shares	
	2024	2023
As at 1 January	**14,878,250**	8,865,250
Granted during the year	**12,200,000**	13,872,000
Vested during the year	**(6,950,189)**	(5,386,250)
Forfeited during the year	**(1,843,750)**	(2,472,750)
As at 31 December	**18,284,311**	14,878,250
Weighted average remaining contractual life of the deferred shares outstanding at end of year	**1.25**	1.70

The total expense recognised in the profit or loss for the Share Award Scheme granted to employees for the year ended 31 December 2024 was RMB10.61 million (2023: RMB19.70 million).

27 Reserves and treasury shares

	Treasury shares RMB'000	Share premium RMB'000	Statutory reserve RMB'000	Other reserves RMB'000	Total RMB'000
Balance at 1 January 2023	—	7,886,920	159,820	(1,883,398)	6,163,342
Dividends to the shareholders of the Company	—	(427,015)	—	—	(427,015)
Changes in non-controlling shareholders' put option	—	—	—	(54,700)	(54,700)
Share award scheme-value of employee services (note 26)	—	—	—	19,698	19,698
Appropriation of statutory reserve (a)	—	—	5,761	—	5,761
Balance at 31 December 2023	—	7,459,905	165,581	(1,918,400)	5,707,086
Balance at 1 January 2024	**—**	**7,459,905**	**165,581**	**(1,918,400)**	**5,707,086**
Dividends to the shareholders of the Company	**—**	**(448,206)**	**—**	**—**	**(448,206)**
Changes in non-controlling shareholders' put option		**—**	**—**	**18,906**	**18,906**
Share award scheme-value of employee services (note 26)	**—**	**—**	**—**	**10,605**	**10,605**
Appropriation of statutory reserve (a)	**—**	**—**	**2,259**	**—**	**2,259**
Balance at 31 December 2024	**—**	**7,011,699**	**167,840**	**(1,888,889)**	**5,290,650**

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

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

28 Trade and other payables

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

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

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

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

(ii) Temporary receipt on behalf mainly represented the proceeds received from property owners in respect of utilities costs and miscellaneous income on common area resources payable to property owners.

(iii) The put option was granted to the non-controlling shareholders of certain subsidiary of the Group which it has the right to sell the remaining equity interests in the relevant subsidiary to the Group at any time. The put option meets the definition of a financial liability as the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle a contractual obligation. The financial liability is recognised based on the present value of the redemption amount for the acquisition of the remaining equity interests upon the exercise. The subsequent changes in the put liability's carrying amount is recorded in equity.

(iv) The amounts due to related parties mainly represented the deposit payables which are unsecured and interest free.

29 Deferred income tax

(a) DEFERRED TAX ASSETS

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
		(Restated)
Deferred income tax assets (hereafter "DTA"):		
– to be recovered within 12 months	**81,724**	48,837
– to be recovered over 12 months	**911,152**	629,242
Total DTA	**992,876**	678,079
Set-off of deferred tax liabilities pursuant to set-off provisions	**(29,526)**	(29,609)
Net DTA	**963,350**	648,470

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

	Impairment provision RMB'000	Lease liabilities RMB'000	Fair value change RMB'000	Tax losses RMB'000	Accrued expense and others RMB'000	Total RMB'000
At 1 January 2023 (Restated)	399,495	31,868	—	20,546	21,126	473,035
Credited/(charged) to profit or loss	177,485	(2,259)	25,958	3,142	718	205,044
At 31 December 2023	**576,980**	**29,609**	**25,958**	**23,688**	**21,844**	**678,079**
Credited/(charged) to profit or loss	**296,694**	**591**	**27,123**	**(13,469)**	**3,858**	**314,797**
At 31 December 2024	**873,674**	**30,200**	**53,081**	**10,219**	**25,702**	**992,876**

29 Deferred income tax (Continued)

(b) DEFERRED TAX LIABILITIES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Deferred income tax liabilities (hereafter "DTL"):		
– to be recovered within 12 months	**14,245**	14,251
– to be recovered over 12 months	**56,345**	83,968
Total DTL	**70,590**	98,219
Set-off of deferred tax liabilities pursuant to set-off provisions	**(29,526)**	(29,609)
Net DTL	**41,064**	68,610

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

	Fair value surplus at acquisitions RMB'000	Dividend tax for PRC entities' distributable profits RMB'000	Right-of-use assets RMB'000	Lease payments receivable under a finance lease RMB'000	Fair value change RMB'000	Others RMB'000	Total RMB'000
At 1 January 2023 (Restated)	63,651	44,028	20,611	15,737	6,985	544	151,556
Reclassified to current income tax liabilities	—	(67,159)	—	—	—	—	(67,159)
(Credited)/charged to profit or loss	(12,012)	38,279	(4,200)	(1,620)	(6,147)	(478)	13,822
At 31 December 2023	**51,639**	**15,148**	**16,411**	**14,117**	**838**	**66**	**98,219**
(Credited)/charged to profit or loss	**(12,011)**	**(15,148)**	**(161)**	**(841)**	**(2)**	**534**	**(27,629)**
At 31 December 2024	**39,628**	**—**	**16,250**	**13,276**	**836**	**600**	**70,590**

30 Dividends

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

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Proposed final dividend of RMB0.143 (2023: RMB0.143) per ordinary share (i)	**437,129**	437,129
Special dividend of HKD nil (2023: HKD 0.235) per ordinary share	**—**	671,594

(i) A dividend in respect of the year ended 31 December 2024 of RMB0.143 per share, amounting to RMB437.13 million, will be proposed at the upcoming annual general meeting of the Company, where the number of shares used for dividend calculation is the balance of the issued ordinary shares as at the date of the approval of the consolidated financial statements. These financial statements did not reflect this dividend payable.

31 Cash flow information

(a) CASH GENERATED FROM OPERATIONS

	Notes	Year ended 31 December 2024 RMB'000	2023 RMB'000
Loss before income tax		**(571,125)**	(351,591)
Adjustments for:			
Finance costs		**6,197**	6,761
Interest income	9, 11	**(11,947)**	(29,315)
Fair value losses from financial assets at FVPL	10	**73,370**	90,996
Fair value losses on investment properties	10	**6,985**	14,848
Exchange gains, net	10	**(2,804)**	(631)
Amortisation of intangible assets and depreciation of property, plant and equipment and right-of-use assets	7	**154,686**	173,429
Disposal gains of right-of-use assets in the sublease	10	**(1,310)**	(2,020)
Losses on termination of sublease contracts	10	**—**	8,218
Impairment of goodwill and other intangible assets	18	**74,936**	479,343
Net impairment losses on financial assets	7	**1,387,877**	850,192
(Losses)/gains on disposal of investment in a joint venture and an associate	10	**420**	(218)
Losses on disposal of subsidiaries		**49**	—
Share of profits of associates and joint ventures	20	**829**	(5,319)
Net losses on disposal of property, plant and equipment		**—**	1,657
Changes in working capital			
Restricted cash		**28,119**	(13,251)
Inventories		**8,967**	784
Trade and other receivables		**(689,974)**	(795,731)
Prepayments		**4,060**	12,362
Trade and other payables		**(163,782)**	254,217
Contract liabilities		**125,250**	369,936
Cash generated from operations		**430,803**	1,064,667

(b) NON-CASH INVESTING AND FINANCING ACTIVITIES

The non-cash investing and financing activities of the Group mainly included acquisition and disposal of right-of-use assets which was disclosed in note 16 and shares granted to employees under the Share Award Scheme for no cash consideration in note 26.

31 Cash flow information (Continued)

(c) NET DEBT RECONCILIATION

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

	Notes	As at December 31 2024 RMB'000	2023 RMB'000
Cash and cash equivalents	23	**4,027,790**	3,979,504
Lease liabilities (fixed interest rates)	16	**(120,800)**	(118,435)
Net debt		**3,906,990**	3,861,069

	Other assets Cash RMB'000	Liabilities from financing activities Leases liabilities RMB'000	Total RMB'000
Net debt as at 1 January 2023	3,878,267	(144,917)	3,733,350
Cash flows	100,606	22,783	123,389
Acquisition – leases	—	(10,136)	(10,136)
Disposal – leases	—	13,835	13,835
Foreign exchange adjustments	631	—	631
Net debt as at 31 December 2023	**3,979,504**	**(118,435)**	**3,861,069**
Cash flows	**45,482**	**21,439**	**66,921**
Acquisition – leases	**—**	**(27,626)**	**(27,626)**
Disposal – leases	**—**	**3,822**	**3,822**
Foreign exchange adjustments	**2,804**	**—**	**2,804**
Net debt as at 31 December 2024	**4,027,790**	**(120,800)**	**3,906,990**

32 Commitments

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

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Capital Commitments		
– No later than 1 year	**2,436**	1,096
– Later than 1 year and no later than 5 years	**146**	543
	2,582	1,639
Lease Commitments		
– No later than 1 year	**10,678**	15,304
– Later than 1 year and no later than 5 years	**9,182**	1,471
	19,860	16,775

33 Related party transactions

(a) NAME AND RELATIONSHIP WITH RELATED PARTIES

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

33 Related party transactions (Continued)

(b) TRANSACTIONS WITH RELATED PARTIES

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

(i) Rendering of services

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Revenue from provision of property management services and value-added services		
– Fellow subsidiaries	**90,482**	408,997
– Associates and joint ventures of Sunac China	**77,324**	161,239
	167,806	570,236

(ii) Other expenses

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Shared service fees charged from a fellow subsidiary	**5,943**	9,900
Car park and building lease expenses to fellow subsidiaries	**9,016**	10,088

33 Related party transactions (Continued)

(b) TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

(iii) Purchase of other current assets/right-of-use assets/investment properties

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Other current assets/right-of-use assets/investment properties		
– Fellow subsidiaries	**12,182**	6,296
– Associates and joint ventures of Sunac China	**16,115**	—
	28,297	6,296

(iv) Lease liabilities payment

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Lease liabilities payment		
– Fellow subsidiaries	**4,661**	6,442
– Associates and joint ventures of Sunac China	**15**	—
	4,676	6,442
Depreciation		
– Fellow subsidiaries	**1,572**	2,065
– Associates and joint ventures of Sunac China	**127**	—
	1,699	2,065

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

33 Related party transactions (Continued)

(c) BALANCES WITH RELATED PARTIES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Trade receivables		
– Fellow subsidiaries	**2,728,007**	2,822,199
– Associates and joint ventures of Sunac China	**558,282**	594,616
	3,286,289	3,416,815
Other receivables (i)		
– Fellow subsidiaries	**731,750**	691,133
– Associates and joint ventures of Sunac China	**51,405**	52,872
	783,155	744,005
Trade and other receivables	**4,069,444**	4,160,820

(i) Other receivables from related parties mainly included present values of the refundable deposits amounting to RMB667.01 million (2023: RMB685.81 million), in respect of Car Park Agency Agreements signed with Sunac China Group where the Group provides sales agency services commencing. Note 3.1(b) provides for details about the Car Park Agency Agreements and the calculation method of the present values of refundable deposits.

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Trade and other payables		
– Fellow subsidiaries	**55,517**	69,248
– Associates and joint ventures of Sunac China	**23,368**	14,066
	78,885	83,314
Contract liabilities		
– Fellow subsidiaries	**1,576**	4,916
– Associates and joint ventures of Sunac China	**3,435**	1,555
	5,011	6,471

33 Related party transactions (Continued)

(d) KEY MANAGEMENT COMPENSATION

Compensations for key management are set out below.

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Wages and salaries	**5,850**	8,470
Discretionary bonuses	**3,373**	3,673
Social insurance expenses, housing benefits and other employee benefits	**634**	794
Share award scheme	**4,043**	5,673
	13,900	18,610

34 Balance sheet and reserve movement of the Company

	Note	As at 31 December 2024 RMB'000	2023 RMB'000
ASSETS			
Non-current assets			
Interests in subsidiaries		**6,287,489**	6,267,001
Current assets			
Cash and cash equivalents		**163,357**	585,192
Amount due from subsidiaries	(b)	**672,515**	672,392
Other receivables		**185**	1,342
Prepayments		**—**	11
		836,057	1,258,937
Total assets		**7,123,546**	7,525,938
EQUITY AND LIABILITIES			
Equity attributable to the owners of the Company			
Share capital		**25,645**	25,645
Reserves	(a)	**7,061,699**	7,509,905
Retained earnings/(accumulated losses)	(a)	**35,782**	(9,948)
Total equity		**7,123,126**	7,525,602
LIABILITIES			
Current liabilities			
Trade and other payables		**420**	336
Total equity and liabilities		**7,123,546**	7,525,938

Cao Hongling
Director

Yang Man
Director

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

(a) RESERVES AND TREASURY SHARES MOVEMENT OF THE COMPANY

	Treasury shares RMB'000	Share premium RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2023	—	7,886,920	50,000	(41,967)	7,894,953
Profit for the year	—	—	—	703,613	703,613
Dividends to the shareholders of the Company	—	(427,015)	—	(671,594)	(1,098,609)
Balance at 31 December 2023	—	7,459,905	50,000	(9,948)	7,499,957
Balance at 1 January 2024	**—**	**7,459,905**	**50,000**	**(9,948)**	**7,499,957**
Profit for the year	**—**	**—**	**—**	**45,730**	**45,730**
Dividends to the shareholders of the Company	**—**	**(448,206)**	**—**	**—**	**(448,206)**
Balance at 31 December 2024	**—**	**7,011,699**	**50,000**	**35,782**	**7,097,481**

(b) Amounts due from subsidiaries mainly represented dividend receivables and loans to subsidiaries, which are unsecured, interest free and have no fixed term for repayment. The amount is denominated in RMB.

35 Directors' benefits and interests

Until 31 December 2024, the following directors and senior managements were appointed:

Executive Directors
Ms. Cao Hongling (appointed since the date of 10 January 2019)
Ms. Yang Man (appointed since the date of 4 August 2020)

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

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

35 Directors' benefits and interests (Continued)

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

Name	Fees RMB'000	Salaries RMB'000	Discretionary bonuses RMB'000	Employer's contribution retirement benefit scheme and other benefits RMB'000	Share awards RMB'000
Year ended 31 December 2024:					
Executive Directors					
Cao Hongling	**—**	**2,270**	**1,423**	**301**	**1,724**
Yang Man	**—**	**1,320**	**1,116**	**98**	**1,382**
Non-executive Directors					
Wang Mengde (i)	**—**	**—**	**—**	**—**	**—**
Gao Xi (i)	**—**	**—**	**—**	**—**	**—**
Lu Peng (i)	**—**	**—**	**—**	**—**	**—**
Independent Non-executive Directors					
Ms. Wang Lihong	**200**	**—**	**—**	**—**	**—**
Mr. Yao Ning	**200**	**—**	**—**	**—**	**—**
Mr. Zhao Zhonghua	**200**	**—**	**—**	**—**	**—**
	600	**3,590**	**2,539**	**399**	**3,106**
Year ended 31 December 2023:					
Executive Directors					
Cao Hongling	—	2,850	2,035	303	2,138
Yang Man	—	1,200	808	125	1,487
Non-executive Directors					
Wang Mengde (i)	—	—	—	—	—
Gao Xi (i)	—	—	—	—	—
Lu Peng (i)	—	—	—	—	—
Independent Non-executive Directors					
Ms. Wang Lihong	200	—	—	—	—
Mr. Yao Ning	200	—	—	—	—
Mr. Zhao Zhonghua	200	—	—	—	—
	600	4,050	2,843	428	3,625

35 Directors' benefits and interests (Continued)

(i) In 2024 and 2023, Mr. Wang Mengde, Mr. Lu Peng and Mr. Gao Xi, non-executive directors, did not receive any emoluments from the Group. Pursuant to the non-executive director appointment letter entered into between each of Mr. Wang Mengde, Mr. Lu Peng and Mr. Gao Xi and the Company, he would not receive any emolument from the Company.

During the years ended 31 December 2024 and 2023, there were no additional retirement benefit and termination benefits received by the directors. No consideration was paid for making available the services of the directors or senior management of the Company.

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

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had interests, whether directly or indirectly, subsisted at 31 December 2024 and 2023 or at any time during the years ended 31 December 2024 and 2023.

36 Summary of other accounting policies

36.1 PRINCIPLES OF CONSOLIDATION AND EQUITY ACCOUNTING

(i) Subsidiaries

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

The acquisition method of accounting is used to account for business combinations by the Group (see note 36.2 below).

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

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

(ii) Associates

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

36 Summary of other accounting policies (Continued)

36.1 PRINCIPLES OF CONSOLIDATION AND EQUITY ACCOUNTING (CONTINUED)

(iii) Joint arrangements

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

(iv) Equity method

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

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

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

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 36.5.

36 Summary of other accounting policies (Continued)

36.1 PRINCIPLES OF CONSOLIDATION AND EQUITY ACCOUNTING (CONTINUED)

(v) Changes in ownership interests

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

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

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

36.2 BUSINESS COMBINATIONS

Acquisition method

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

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

36 Summary of other accounting policies (Continued)

36.2 BUSINESS COMBINATIONS (CONTINUED)

Acquisition method (Continued)

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

Acquisition-related costs are expensed as incurred.

The excess of the:

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

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

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

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

36 Summary of other accounting policies (Continued)

36.2 BUSINESS COMBINATIONS (CONTINUED)

Common control combinations

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

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

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

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

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

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

36.3 SEPARATE FINANCIAL STATEMENTS

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

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

36 Summary of other accounting policies (Continued)

36.4 FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

36.5 IMPAIRMENT OF NON-FINANCIAL ASSETS

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

36 Summary of other accounting policies (Continued)

36.6 INVESTMENTS AND OTHER FINANCIAL ASSETS

(i) Classification

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

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

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

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

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

(ii) Recognition and derecognition

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

(iii) Measurement

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

36 Summary of other accounting policies (Continued)

36.6 INVESTMENTS AND OTHER FINANCIAL ASSETS (CONTINUED)

(iii) Measurement (Continued)

Debt instruments

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

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

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

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

Equity instruments

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

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

36 Summary of other accounting policies (Continued)

36.7 OFFSETTING FINANCIAL INSTRUMENTS

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

36.8 INVENTORIES

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

36.9 CASH AND CASH EQUIVALENTS

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

36.10 SHARE CAPITAL

Ordinary shares are classified as equity (note 25).

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

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

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

36 Summary of other accounting policies (Continued)

36.11 TRADE AND OTHER PAYABLES

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

36.12 CURRENT AND DEFERRED INCOME TAX

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

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

36 Summary of other accounting policies (Continued)

36.12 CURRENT AND DEFERRED INCOME TAX (CONTINUED)

Deferred income tax

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

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

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

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

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

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

36 Summary of other accounting policies (Continued)

36.13 EMPLOYEE BENEFITS

(i) Short-term obligations

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

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

(ii) Pension obligations

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

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

36 Summary of other accounting policies (Continued)

36.13 EMPLOYEE BENEFITS (CONTINUED)

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

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

(iv) Termination benefits

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

36.14 PROVISIONS

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

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

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

36 Summary of other accounting policies (Continued)

36.15 LEASES

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

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

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

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

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

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

Entity-specific details about the Group's leasing policy are provided in note 16.

36 Summary of other accounting policies (Continued)

36.15 LEASES (CONTINUED)

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

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

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

- If the head lease is a short-term lease that the entity, as a lessee, has accounted for the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis, the sublease shall be classified as an operating lease.

- Otherwise, the sublease shall be classified by referenced to the right-of-use asset arising from the head lease as finance lease or operating lease.

36.16 DIVIDEND DISTRIBUTION

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

36.17 GOVERNMENT GRANTS

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

36 Summary of other accounting policies (Continued)

36.18 INTEREST INCOME

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

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

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

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

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

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