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Sundy Service Group Co. Ltd

宋都服务集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9608)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the “**Board**”) of the directors (the “**Directors**”) of Sundy Service Group Co. Ltd (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2024 (the “**Reporting Period**” or “**FY2024**”), together with the comparative figures for the year ended 31 December 2023 (“**FY2023**”). The annual results of the Group for the Reporting Period have been reviewed by the audit committee of the Company (the “**Audit Committee**”) and approved by the Board on 31 March 2025.

Certain amount and percentage figure included in this announcement have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any table, chart or elsewhere between totals and sums of amounts listed therein are due to rounding.

RESULTS HIGHLIGHTS

HIGHLIGHTS

Financial performance of the Group

- Revenue was RMB247.6 million in FY2024, representing a decrease of 5.6% as compared with RMB262.4 million in FY2023.

- Revenue generated from four business lines are as follows: (i) revenue from property management services was RMB196.2 million in FY2024, accounting for 79.3% of total revenue, representing an increase of 4.9% as compared with RMB187.0 million in FY2023; (ii) revenue from value-added services to non-property owners was RMB12.7 million in FY2024, accounting for 5.1% of total revenue, representing a decrease of 65.0% as compared with RMB36.3 in FY2023; (iii) revenue from community value-added services was RMB18.8 million in FY2024, accounting for 7.6% of total revenue, representing an increase of 1.1% as compared with RMB18.6 million in FY2023; and (iv) revenue from other businesses was RMB19.9 million in FY2024, accounting for 8.0% of total revenue, representing a decrease of 2.9% as compared with RMB20.5 million in FY2023.
- Gross profit was RMB57.5 million in FY2024, representing an increase of 28.1% as compared with RMB44.9 million in FY2023. Gross profit margin was 23.2% in FY2024, representing a growth of 6.1 percentage point as compared with 17.1% in FY2023.
- Profit for the year in FY2024 was RMB7.8 million, representing a decrease of 35.0% as compared with RMB12.0 million in FY2023, mainly due to the increase in the impairment loss on trade receivables.
- As at 31 December 2024, cash and cash equivalents were RMB175.0 million, representing a year-on-year increase of 19.3% as compared with RMB146.7 million as at 31 December 2023.
- As at 31 December 2024, gross floor area (“GFA”) under management for property management services of the Group was 8.4 million sq.m., representing a decrease of approximately 12.5% as compared with approximately 9.6 million sq.m. as at 31 December 2023. As of 31 December 2024, contracted GFA of the Group was 9.7 million sq.m..
- The Board does not recommend the payment of any final dividend for the year ended 31 December 2024 (2023: Nil).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	3	247,549	262,362
Cost of sales and services rendered		<u>(190,117)</u>	<u>(217,445)</u>
Gross profit		57,432	44,917
Interest income		2,028	3,308
Other income	5	922	8,595
Other gains and losses, net	6	1,725	127
Selling and marketing expenses		(954)	(1,080)
Administrative expenses		(28,058)	(24,342)
Impairment loss on trade receivables		(19,824)	(13,713)
Share of loss of joint ventures		(1,253)	(234)
Share of profit/(loss) of an associate		506	(353)
Finance costs	7	<u>(84)</u>	<u>(102)</u>
Profit before taxation		12,440	17,123
Income tax expense	8	<u>(4,648)</u>	<u>(5,160)</u>
Profit for the year	9	<u>7,792</u>	<u>11,963</u>
Other comprehensive (expense)/income:			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences on translation of financial statements of the Company		<u>(237)</u>	<u>4,245</u>
		<u>(237)</u>	<u>4,245</u>
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of financial statements of overseas subsidiaries		<u>(2,976)</u>	<u>(3,286)</u>
		<u>(2,976)</u>	<u>(3,286)</u>
Total comprehensive income for the year		<u><u>4,579</u></u>	<u><u>12,922</u></u>

	<i>Notes</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Profit for the year attributable to:			
Owners of the Company		2,941	9,358
Non-controlling interests		4,851	2,605
		<u>7,792</u>	<u>11,963</u>
Total comprehensive (expense)/income for the year attributable to:			
Owners of the Company		(272)	10,317
Non-controlling interests		4,851	2,605
		<u>4,579</u>	<u>12,922</u>
Earnings per share			
– Basic (<i>RMB cents</i>)	<i>10</i>	<u>0.08</u>	<u>0.29</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment		18,210	26,615
Goodwill		–	1,242
Intangible assets		64	3,927
Right-of-use assets		–	112
Financial assets at fair value through profit or loss	13	–	43,917
Investments in joint ventures		900	2,153
Investment in an associate		5,927	5,421
Prepayments		–	4,651
Deferred tax assets		12,629	8,892
		<u>37,730</u>	<u>96,930</u>
Current assets			
Inventories		188	379
Trade and other receivables	12	170,273	230,313
Financial assets at fair value through profit or loss	13	6,005	70,198
Property held for sale		145,461	8,696
Restricted bank balances		14,902	9,149
Cash and cash equivalents		175,033	146,695
		<u>511,862</u>	<u>465,430</u>
Current liabilities			
Contract liabilities		25,940	31,824
Advances from lessees		95	85
Trade and other payables	14	123,013	133,481
Lease liabilities		–	48
Current taxation		7,376	3,399
		<u>156,424</u>	<u>168,837</u>
Net current assets		<u>355,438</u>	<u>296,593</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>393,168</u>	<u>393,523</u>

	<i>Notes</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Non-current liabilities			
Lease liabilities		–	74
Deferred tax liabilities		–	900
		<hr/>	<hr/>
		–	974
		<hr/>	<hr/>
NET ASSETS		<u>393,168</u>	<u>392,549</u>
Capital and reserves			
Share capital		254	254
Reserves		383,790	384,062
		<hr/>	<hr/>
Equity attributable to owners of the Company		384,044	384,316
Non-controlling interests		9,124	8,233
		<hr/>	<hr/>
TOTAL EQUITY		<u>393,168</u>	<u>392,549</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

1. GENERAL INFORMATION

Sundy Service Group Co. Ltd (the “**Company**”) was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 5 May 2017 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effect from 18 January 2021. The addresses of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” section of the annual report.

The Company is an investment holding company. The Company and its subsidiaries are collectively referred to as the “**Group**”.

The consolidated financial statements are presented in Renminbi (“**RMB**”). RMB is the functional currency of the Company’s subsidiaries established in the People’s Republic of China (the “**PRC**”). The functional currency of the Company and the Company’s subsidiaries outside the mainland China are Hong Kong dollars (“**HKD**”). The Group translates the financial statements of the Company and the Company’s subsidiaries outside mainland China from HKD into RMB.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

In the current year, the Group has applied the following amendments to IFRS Accounting Standards (which include all applicable individual International Financial Reporting Standards (“**IFRSs**”), International Accounting Standards (“**IASs**”) and interpretation) issued by the International Accounting Standards Board (the “**IASB**”) that are mandatorily effective for its accounting year beginning on or after 1 January 2024 for the preparation of the Group’s consolidated financial statements:

Amendments to IAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback

The application of these amendments to IFRS Accounting Standards has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IAS 21	Lack of Exchangeability ¹
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ²
Annual Improvements to IFRS Accounting Standards 2024	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 ²
IFRS 18 and consequential amendments to other IFRSs	Presentation and Disclosure in Financial Statements ³
IFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

⁴ Effective for annual periods beginning on or after a date to be determined

The Group is in the process of evaluating the impact of IFRS 18 on the consolidated financial statements for the forthcoming years.

Except for the aforesaid, the directors of the Company anticipate that the application of all other new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE

The principal activities of the Group are the provision of property management services, value-added services to non-property owners, community value-added services, and other businesses.

Revenue represents income from property management services, value-added services to non-property owners, community value-added services and income from hotel business.

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue from contracts with customers:		
Property management services	196,186	186,979
Value-added services to non-property owners	12,686	36,342
Community value-added services	18,787	18,555
Hotel business		
– Rooms operation services	18,208	18,592
– Sales of food and beverage	107	176
	<u>245,974</u>	<u>260,644</u>
Revenue from other sources:		
Hotel business		
– Leasing of commercial shopping arcades (<i>Note (ii)</i>)	1,575	1,718
	<u>1,575</u>	<u>1,718</u>
Total revenue	<u><u>247,549</u></u>	<u><u>262,362</u></u>
Type of customers:		
External customers	203,136	210,688
Related parties	44,413	51,674
	<u><u>247,549</u></u>	<u><u>262,362</u></u>

Notes:

- (i) For the year ended 31 December 2024, the revenue from Hangzhou Xingfu Jian Holdings Co., Ltd (“**Xingfu Jian Holdings**”) (Formerly known as Zhejiang Sundry Holdings Co., Ltd) and its subsidiaries (collectively, “**Xingfu Jian Holdings Group**”), related parties of the Group, accounted for 16% (2023: 20%) of the Group’s revenue. The Group has a large number of customers in addition to Xingfu Jian Holdings Group, but none of them accounted for more than 10% or more of the Group’s revenue during the Reporting Period.
- (ii) Leasing of commercial shopping arcades represent lease income relating to variable lease payments that do not depend on an index or a rate.

Disaggregation of revenue from contracts with customers:

The major operating entities of the Group are domiciled in the PRC. Accordingly, all the Group’s revenue was derived in the PRC for the years ended 31 December 2024 and 2023.

	Property management services <i>RMB’000</i>	Value-added services to non-property owners <i>RMB’000</i>	Community value-added services <i>RMB’000</i>	Hotel business – rooms operation services and sales of food and beverage <i>RMB’000</i>	Total <i>RMB’000</i>
For the year ended 31 December 2024					
Timing of revenue recognition					
At a point in time	–	–	–	107	107
Over time	196,186	12,686	18,787	18,208	245,867
	<u>196,186</u>	<u>12,686</u>	<u>18,787</u>	<u>18,315</u>	<u>245,974</u>
For the year ended 31 December 2023					
Timing of revenue recognition					
At a point in time	–	–	–	176	176
Over time	186,979	36,342	18,555	18,592	260,468
	<u>186,979</u>	<u>36,342</u>	<u>18,555</u>	<u>18,768</u>	<u>260,644</u>

Revenue expected to be recognised in the future arising from the remaining performance obligation (unsatisfied or partially unsatisfied) at the end of respective periods

For property management services and value-added services to non-property owners, the Group recognises revenue in the amount to which the Group has the right to invoice that corresponds directly with the value of the performance completed to date. The Group has elected the practical expedient whereby it does not disclose the remaining performance obligations for these types of contracts. The majority of the property management agreements do not have a fixed term. The terms of the contracts for value-added services to non-property owners are generally set to expire when the counterparties notify the Group that the services are no longer required and has an original expected duration of one year or less. For community value-added services and rooms operation services in hotel business, services are rendered in a short period of time. For sales of food and beverage in hotels, the performance obligation is satisfied when the control of the food and beverage products is transferred, being at the point when the customer purchases the food and beverage items.

As permitted under IFRS 15, the Group does not disclose the remaining performance obligations for these types of contracts with reasons as disclosed above.

4. SEGMENT INFORMATION

(a) Segment Reporting

The Group manages its businesses by divisions, which are organised by business lines, including property management services and the corresponding value-added services, and hotel business. In a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker (the "CODM") for the purposes of resource allocation and performance assessment, the Group has presented the following segments.

- Property management services and the corresponding value-added services: this segment includes revenue generated from property management services, value-added services to non-property owners and community value-added services, including consulting and pre-delivery service, and other services.
- Hotel business services: this segment includes revenue generated from hotel rooms operation services, leasing of commercial shopping arcades located within the hotel buildings, as well as provision of food and beverage and ancillary services in such premises.

(b) Segment Results, Assets and Liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets managed directly by the segments. Segment liabilities include all contract liabilities, trade and other payables, lease liabilities and other liabilities attributable to the business operation and managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. The measure used for reporting segment profit is profit before taxation. In addition to receiving segment information concerning profit before taxation, management is provided with segment information concerning revenue (including inter-segment sales), interest income, interest expenses, depreciation and amortisation, impairment losses, share of profit/(loss) arising from the activities of the Group's joint ventures and an associate, income tax expense, investment in joint ventures, investment in an associate and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

*Segment revenue and results***For the year ended 31 December 2024**

	Property management services and the corresponding value-added services RMB'000	Hotel business services RMB'000	Total RMB'000
Revenue from external customers	227,659	19,890	247,549
Inter-segment sales	–	–	–
Reportable segment revenue	227,659	19,890	247,549
Segment profit	8,913	3,527	12,440

For the year ended 31 December 2023

	Property management services and the corresponding value-added services RMB'000	Hotel business services RMB'000	Total RMB'000
Revenue from external customers	241,876	20,486	262,362
Inter-segment sales	2	56	58
Reportable segment revenue	241,878	20,542	262,420
Segment profit	16,296	827	17,123

Segment assets and liabilities**As at 31 December 2024**

	Property management services and the corresponding value-added services <i>RMB'000</i>	Hotel business services <i>RMB'000</i>	Reconciling items <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	<u>535,776</u>	<u>13,816</u>	<u>–</u>	<u>549,592</u>
Segment liabilities	<u>153,260</u>	<u>3,164</u>	<u>–</u>	<u>156,424</u>

As at 31 December 2023

	Property management services and the corresponding value-added services <i>RMB'000</i>	Hotel business services <i>RMB'000</i>	Reconciling items <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	<u>550,828</u>	<u>20,032</u>	<u>(8,500)</u>	<u>562,360</u>
Segment liabilities	<u>165,581</u>	<u>12,730</u>	<u>(8,500)</u>	<u>169,811</u>

Other segment information

For the year ended 31 December 2024	Property management services and the corresponding value-added services RMB'000	Hotel business services RMB'000	Total RMB'000
Depreciation of property, plant and equipment	(6,832)	(2,161)	(8,993)
Amortisation of intangible assets	(588)	(75)	(663)
Loss on disposal of a subsidiary	(1,657)	–	(1,657)
Interest income	2,004	24	2,028
Interest expenses	(84)	–	(84)
Impairment loss on trade receivables	(19,741)	(83)	(19,824)
Share of loss of joint ventures	(1,253)	–	(1,253)
Share of profit of an associate	506	–	506
Income tax expense	(4,470)	(178)	(4,648)
Investment in joint ventures	900	–	900
Investment in an associate	5,927	–	5,927
Additions to non-current assets	522	73	595
For the year ended 31 December 2023	Property management services and the corresponding value-added services RMB'000	Hotel business services RMB'000	Total RMB'000
Depreciation of property, plant and equipment	(4,025)	(4,468)	(8,493)
Depreciation of right-of-use assets	(75)	–	(75)
Amortisation of intangible assets	(609)	(42)	(651)
Amortisation on financial guarantee contracts	5,857	–	5,857
Loss on disposal/written off of property, plant and equipment	(1)	–	(1)
Interest income	3,289	19	3,308
Interest expenses	(102)	–	(102)
Impairment loss on trade receivables	(13,259)	(454)	(13,713)
Share of loss of joint ventures	(234)	–	(234)
Share of loss of an associate	(353)	–	(353)
Income tax expense	(5,131)	(29)	(5,160)
Investment in joint ventures	2,153	–	2,153
Investment in an associate	5,421	–	5,421
Additions to non-current assets	1,147	425	1,572

Information about non-current assets

The Group's non-current assets, excluding financial assets at fair value through profit or loss were located in the PRC at the end of each reporting period.

5. OTHER INCOME

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Government grants	899	142
Commission income on financial guarantee in 2022	–	1,327
Commission income on financial guarantee in 2023	–	300
Amortisation on financial guarantee contract	–	5,857
Others	23	969
	<u>922</u>	<u>8,595</u>

6. OTHER GAINS AND LOSSES, NET

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Exchange gain	–	127
Net gain on early termination of a right-of-use asset	10	15
Gain on change in fair value on financial assets at fair value through profit or loss	3,496	198
Loss of disposal of a subsidiary	(1,657)	–
Others	(124)	(213)
	<u>1,725</u>	<u>127</u>

7. FINANCE COSTS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest expenses on lease liabilities	–	18
Interest expense to a related party	84	84
	<u>84</u>	<u>102</u>

8. INCOME TAX EXPENSE

	2024 RMB'000	2023 RMB'000
Current tax – PRC Enterprise Income Tax (“EIT”)		
– Provision for the year	8,490	8,527
Deferred tax	(3,842)	(3,367)
	<u>4,648</u>	<u>5,160</u>

Note:

- (i) Pursuant to the rules and regulations of the Cayman Island and the British Virgin Islands (the “BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.

For the years ended 31 December 2024 and 2023, Hong Kong Profits Tax is calculated under two-tier profits tax system where the first HK\$2 million of estimated assessable profits is taxed at a reduced rate of 8.25% and the remaining of estimated assessable profits is taxed at 16.5%. No provision for Hong Kong Profits Tax has been made as the Group did not earn any income subject to the tax during the years ended 31 December 2024 and 2023 .

Under the Law of the People’s Republic of China on EIT (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. During the year, certain subsidiaries of the Group are entitled to a preferential income tax rate of 20% (2023: 20%) for small and micro enterprises with the first RMB1 million of annual taxable income eligible for 75% (2023: 75%) reduction and the income between RMB1 million and RMB3 million eligible for 75% (2023: 75%) reduction.

9. PROFIT FOR THE YEAR

The Group’s profit for the year is stated after charging the following:

	2024 RMB'000	2023 RMB'000
Cost of inventories recognised as an expense	958	1,093
Auditor’s remuneration		
– audit services	1,400	1,570
– non-audit services	300	550
Depreciation of property, plant and equipment	8,993	8,493
Depreciation of right-of-use assets	–	75
Amortisation of intangible assets	663	651
Expenses related to short-term lease	128	701
Variable lease payments not included in the measurement of lease liabilities	4,546	4,717
Impairment loss on trade receivables (<i>Note (i)</i>)	19,824	13,713
Loss on disposal/written off of property, plant and equipment	–	1
Directors’ remuneration	1,910	1,964
Other staff costs	51,467	61,551
Retirement benefits scheme contributions, excluding directors (<i>Note (ii)</i>)	7,272	8,989
Total staff costs	<u>60,649</u>	<u>72,504</u>

Notes:

- (i) Impairment loss on trade receivables includes provision of loss allowance of related parties of approximately RMB10,965,000 (2023: reversal of loss allowance of RMB6,328,000) and provision of loss allowance of independent third parties of approximately RMB8,859,000 (2023: RMB20,041,000) for the year ended 31 December 2024.
- (ii) Employees of the Group's PRC subsidiaries are required to participate in a defined contribution scheme administered and operated by the local municipal governments. The Group's PRC subsidiaries contribute funds to the scheme to fund the retirement benefits of the employees. The contributions are calculated based on a certain percentage of the employees' salaries as agreed by the local municipal governments. The Group's PRC subsidiaries and its employees are required to make monthly contributions. The only obligation of the Group with respect to the defined contribution scheme is to make the required contribution to the scheme. There is no forfeited contribution under the defined contribution scheme available to reduce the existing level of contributions in future years.

The Group has no other material obligation for the payment of retirement benefits associated with these schemes beyond the annual contributions described above.

10. EARNINGS PER SHARE

The calculation of the basic earnings per share for the year is based on the profit for the year attributable to the owners of the Company of approximately RMB2,941,000 (2023: RMB9,358,000) and on the weighted average number of shares in issue during the year of approximately 3,840,000,000 (2023: 3,208,767,123).

The calculation of the basic earnings per share is based on the following:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Earnings:		
Profit attributable to owners of the Company for the purpose of calculating basic earnings per share	<u>2,941</u>	<u>9,358</u>
	2024	2023
Number of shares:		
Issued ordinary shares at 1 January	3,840,000,000	3,200,000,000
Effect of issue of shares upon share subscriptions	<u>–</u>	<u>8,767,123</u>
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>3,840,000,000</u>	<u>3,208,767,123</u>

No diluted earnings per share is presented as the Company had no potential ordinary shares outstanding for the years ended 31 December 2024 and 2023.

11. DIVIDENDS

The Board of Directors does not recommend the payment of any dividend for the years ended 31 December 2024 and 2023.

12. TRADE AND OTHER RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables		
– Related parties	71,114	129,897
– Third parties	124,163	105,375
Less: loss allowance	<u>(52,726)</u>	<u>(32,996)</u>
	<u>142,551</u>	<u>202,276</u>
Other debtors		
– Related parties	5,538	8,616
– Third parties	<u>16,204</u>	<u>7,899</u>
	<u>21,742</u>	<u>16,515</u>
Deposits and prepayments		
– Others	<u>5,980</u>	<u>16,173</u>
	<u>170,273</u>	<u>234,964</u>
Less: deposits and prepayments under non-current asset		
– Others	<u>–</u>	<u>(4,651)</u>
Presented under current assets	<u><u>170,273</u></u>	<u><u>230,313</u></u>

Note:

Trade receivables are primarily related to revenue recognised from the provision of property management services, value-added services to non-property owners, community value-added services and hotel business.

As at 1 January 2023, trade receivables from contracts with customers amounted to approximately RMB177,593,000 (net of loss allowance of approximately RMB19,283,000).

The allowances for doubtful debts of approximately RMB52,726,000 (2023: RMB32,996,000) for trade receivables recognised at 31 December 2024.

The ageing analysis of trade receivables based on the date of revenue recognition and net of loss allowance is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Related parties		
0 to 180 days	19,736	21,402
181 to 365 days	22,329	17,805
1 to 2 years	16,189	56,101
2 to 3 years	–	27,990
Over 3 years	–	4,704
Third parties		
0 to 180 days	48,827	31,195
181 to 365 days	31,693	23,565
1 to 2 years	3,777	19,514
	<hr/>	<hr/>
Total	142,551	202,276
	<hr/>	<hr/>

Trade receivables are due when the receivables are recognised.

On 26 March 2024, the Company entered into the acquisition of properties and debts settlement framework agreement with Sundry Land Group, an associate of Mr. Yu Jianwu, which is a connected person of the Company (the “**Acquisition of Properties and Debts Settlement Framework Agreement**”). Pursuant to the Acquisition of Properties and Debts Settlement Framework Agreement, the Company agreed to acquire and the Sundry Land Group agreed to dispose of the Settlement Properties (as defined in the circular of the Company dated 24 May 2024) in an aggregate consideration of RMB100,050,000 which shall be offset against the total amount of the trade receivables under the Property Managements and the Service Agreements for the year ended 31 December 2023 which were due and remained outstanding as at 26 March 2024 on a dollar-for-dollar basis. The transaction was approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 14 June 2024. The Settlement Properties acquired by the Group to offset the trade receivables were transferred to the Group during the last quarter of 2024. Details of the Acquisition of Properties and Debts Settlement Framework Agreement were disclosed in the circular of the Company dated 24 May 2024.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RMB'000	2023 RMB'000
Convertible notes issued by a company listed in Australia (<i>Note (i)</i>)	–	43,917
Wealth Management Product (<i>Note (ii)</i>)	<u>6,005</u>	<u>70,198</u>
	<u><u>6,005</u></u>	<u><u>114,115</u></u>

Notes:

- (i) On 22 December 2023, the Company entered into the binding terms sheet in relation to the subscription of convertible notes with Black Cat Syndicate Limited, a company incorporated in Australia and listed on Australia Securities Exchange, pursuant to which the Company agreed to subscribe for the convertible notes in an aggregate amount of AUD\$9,000,000 using internal resources. The convertible notes will mature on 31 March 2027 and can be converted at any time at the Company's discretion. Interest will be accrued daily at 10% per annum inclusive interest withholding tax and will be capitalised monthly up to 30 September 2024. Details of the subscription of convertible notes were disclosed in the announcement of the Company dated 22 December 2023.

The convertible notes were early redeemed on 12 November 2024. Details of the redemption of convertible notes were disclosed in the announcement of the Company dated 12 November 2024.

- (ii) On 29 November 2023, Hangzhou Sundy Property Management Co., Ltd. ("**Sundy Property**"), an indirect wholly-owned subsidiary of the Company, entered into an agency sales agreement for institutional wealth management product with Huaxia Bank Co., Ltd.* (華夏銀行股份有限公司), pursuant to which Sundy Property agreed to subscribe for the Huaxia Wealth Management Fixed-income Pure Debt Wealth Management Product No. 7F (華夏理財固定收益純債型日日開理財產品7號F) offered by Huaxia Wealth Management Co., Ltd* (華夏理財有限責任公司) (the "**Huaxia Wealth Management Product**") in an aggregate amount of RMB70,000,000 using internal resources. The Huaxia Wealth Management Product had non-fixed term, the expected annualised rate of return was 2.85% to 3.35% (non-guaranteed). Sundy Property redeemed the Huaxia Wealth Management Product on 3 January 2024 and the total gain on investment was approximately RMB217,000 with an average annualised rate of return of approximately 3.33%.

On 16 December 2024, Hangzhou Sundy Jiahe Hotel Management Co., Ltd. ("**Sundy Jiahe**") entered into an agency sales agreement for institutional wealth management product with Bank of Hangzhou Co., Ltd* (杭州銀行股份有限公司), pursuant to which Sundy Jiahe agreed to subscribe for the Bank of Hangzhou Wealth Management Happiness 99 tianyi 7-day Wealth Management Product (杭銀理財幸福99添益(安享優選)7天持有期理財) offered by Hangying Wealth Management Co., Ltd* (杭銀理財有限責任公司) (the "**Hangying Wealth Management Product**") in an aggregate amount of RMB6,000,000 using internal resources. The Hangying Wealth Management Product has non-fixed term, the expected annualised rate of return is 1.9% to 2.3% (non-guaranteed).

14. TRADE AND OTHER PAYABLES

	<i>Notes</i>	2024 RMB'000	2023 <i>RMB'000</i>
Trade payables			
– Related parties	(a)	1,897	449
– Third parties	(b)	50,319	61,446
		52,216	61,895
Other payables			
– Related party		2,276	2,192
– Deposits		5,714	5,603
– Other taxes and surcharges payable		19	515
– Cash collected on behalf of the property owners' associations		14,305	9,149
– Temporary receipts from property owners		23,964	28,819
– Others		8,811	8,081
		55,089	54,359
Accrued payroll and other benefits		15,708	17,227
		123,013	133,481

Notes:

- (a) The credit period granted by related parties (trade nature) to the Group ranges from 30 days to 90 days. The amounts due to related parties are unsecured and interest-free.
- (b) Trade payables mainly represent payables arising from sub-contracting services including cleaning, security, landscaping and maintenance services provided by suppliers. The credit period granted by third party suppliers to the Group ranges from 30 to 90 days during the years ended 31 December 2024 and 2023.

The ageing analysis of trade payables, based on invoice date is as follows:

	2024 RMB'000	2023 RMB'000
Related parties		
Within 1 year	1,897	1,159
Third parties		
Within 1 year	28,899	38,843
After 1 year but within 2 years	3,060	11,769
After 2 years but within 3 years	9,361	3,565
Over 3 years	8,999	6,559
	52,216	61,895

15. EVENTS AFTER THE REPORTING PERIOD

On 27 February 2025, Hangzhou Xingrun Enterprise Management Co., Ltd. (“**Hangzhou Xingrun**”), a subsidiary of the Company, entered into a structured deposit product agreement with China Minsheng Bank Co., Ltd. (“**China Minsheng Bank**”), pursuant to which, Hangzhou Xingrun agreed to subscribe for Gathering-win Exchange Rate – Aggregated structured deposits linked to the euro/dollar exchange rate range (聚贏匯率－掛鉤歐元對美元匯率區間累計結構性存款) (“**China Minsheng Structured Product**”) offered by China Minsheng Bank in an aggregate amount of RMB50 million using the internal funds of the Group. The China Minsheng Structured Product has fixed term of 90 days and principal-guaranteed with floating interest rate. The expected maturity interest rate is 1.2153% to 2.1% per annum. Details of the structured deposit product were disclosed in the announcement of the Company dated 27 February 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is a reputable integrated property management service provider in the property management industry in Zhejiang province. Established in Hangzhou in 1995, the Group has nearly three decades of experience in the property management service industry in the PRC. The Group is principally engaged in the provision of property management services, value-added services to non-property owners, community value-added services and other services. The Group's business covers a wide range of properties, including residential properties and non-residential properties, such as commercial office buildings, city complexes and industrial parks.

According to CRIC Property Management (克而瑞物管) and China Property Management Research Institution, the Group ranked 47th among the “2024 Top 100 Property Service Companies in China” (2024中國物業服務力百強企業). The project under the management of the Group, “Caihe Golden Butler Governance Service Project” (採荷金牌管家治理服務項目) was recognised as a benchmark project in terms of urban services in the year 2024 by CRIC Property Management (克而瑞物管) and China Property Management Research Institution. During the Reporting Period, the Group was awarded as 3A Property Service Enterprises in Zhejiang Province by Zhejiang Provincial Department of Housing and Urban-Rural Development (浙江省住房和城鄉建設廳).

As at 31 December 2024, the Group had 21 subsidiaries and 26 branches covering 20 cities in the PRC, the majority of which are located in Zhejiang province, providing property management services to 52 properties, including 39 residential properties and 13 non-residential properties, with a total GFA under management of approximately 8.4 million sq.m. and a total contracted GFA of 9.7 million sq.m..

The table below sets forth the changes in the GFA under management and number of managed projects of the Group as at 31 December 2024 and 2023, respectively:

	As at 31 December	
	2024	2023
GFA under management ('000 sq.m.)	8,367	9,603
Number of managed projects	52	58

The table below sets forth a breakdown of revenue by business line of the Group in FY2024 and FY2023, respectively:

	For the year ended 31 December			
	2024		2023	
	(RMB'000)	%	(RMB'000)	%
Property management services	196,186	79.3	186,979	71.3
Value-added services to non-property owners	12,686	5.1	36,342	13.8
Community value-added services	18,787	7.6	18,555	7.1
Other businesses	19,890	8.0	20,486	7.8
Total	247,549	100.0	262,362	100.0

Property management services

During the Reporting Period, the Group was committed to strengthening its position in the field of property management service and focused on the Future Community Plan to acquire more projects related to old residential areas in Hangzhou.

The table below sets forth the total revenue from property management for FY2024 and FY2023, respectively and GFA under management by type of properties as at 31 December 2024 and 2023, respectively:

	As at/for the year ended 31 December							
	2024				2023			
	Revenue (RMB'000)	%	GFA under management ('000 sq.m.)	%	Revenue (RMB'000)	%	GFA under management ('000 sq.m.)	%
Residential Properties	137,745	70.2	7,098	84.8	145,775	78.0	7,438	77.5
Non-residential Properties	58,441	29.8	1,269	15.2	41,204	22.0	2,165	22.5
Total	196,186	100.0	8,367	100.0	186,979	100.0	9,603	100.0

The table below sets forth the breakdown of the total revenue from property management for FY2024 and FY2023, respectively and GFA under management by type of property developers as at 31 December 2024 and 2023, respectively:

	As at/for the year ended 31 December							
	2024				2023			
	Revenue (RMB'000)	%	GFA under management ('000 sq.m.)	%	Revenue (RMB'000)	%	GFA under management ('000 sq.m.)	%
Properties solely developed and co-developed by Sundy Land Group (Note 1)	164,464	83.8	6,675	79.8	150,696	80.6	7,343	76.5
Properties developed by independent third-party property developers	31,722	16.2	1,692	20.2	36,283	19.4	2,260	23.5
Total	196,186	100.0	8,367	100.0	186,979	100.0	9,603	100.0

Note 1: Sundy Land Group includes Sundy Land Investment Co., Ltd.* (宋都基業投資股份有限公司) and its subsidiaries.

Value-added services to non-property owners

Value-added services to non-property owners covered development, construction, design and other processes of properties, which were mainly provided to non-property owners such as real estate developers. During the Reporting Period, the Group recorded RMB12.7 million, representing a decrease of 65.0% compared to RMB36.3 million in FY2023. The decrease was mainly due to the decrease in the number of the newly-entered real estate projects in the pipeline.

The Group benefited from the long-term cooperation with Sundy Land Group to acquire projects for value-added services to non-property owners. As at 31 December 2024, the recovered GFA was approximately 1.3 million sq.m..

Community value-added services

The Group actively developed community value-added services and created diversified life service scenarios based on the living needs of residents.

During the Reporting Period, the revenue from community value-added services reached RMB18.8 million, which was mainly from property repair and maintenance, waste cleaning, utility fee collection, community space services and retailing business.

Other business

The Group commenced the operation of Atour Hotel Hangzhou West Lake Hefang Street* (杭州西湖河坊街亞朵酒店) through its operating subsidiary, Hangzhou Sundy Jiahe Hotel Management Co., Ltd.* (杭州宋都嘉和酒店管理有限公司) (“**Sundy Jiahe**”). Revenue from hotel business for FY2024 reached RMB19.9 million, which was primarily generated from hotel room charge, food services and sales of personal care products.

Prospects

During the Reporting Period, the property management industry continued its trajectory of high-level development, signifying a shift in focus within the real estate sector from “quantity to quality”. The shift is due to the decreasing growth rate in management scale, marking the end of an era of blind expansion in the real estate industry. To address new challenges, an increasing number of property enterprises are actively adjusting their strategies, with a focus on enhancing operational efficiency and service quality.

2024 was a year of transformation and development for the property management industry. Faced with various challenges, the industry has been continuously exploring new development models to achieve high-quality and sustainable development.

Looking ahead, under the new circumstances, the Company plans to explore development opportunities in the following areas in 2025:

Enhancing service quality

The Company will organize regular professional training sessions for employees. The contents of trainings include customer service skills training and technical training to improve the service quality from the frontline to the back office.

The Company plans to review and improve its existing service standards. In terms of security services, the Company will invest in more advanced security monitoring systems and ensure that security personnel are well-trained in emergency response procedures to enhance the overall security level of the community.

Widespread application of smart technologies

The integration of smart technologies such as the Internet of Things, big data, and artificial intelligence will be a key trend. The Company will use these technologies to improve the efficiency and quality of services. For example, smart sensors are installed in buildings to monitor equipment operation and energy consumption in real time, enabling timely maintenance and energy-saving measures. Intelligent access control systems and video surveillance systems will enhance community security.

Involvement in urban services

As urbanization progresses, the Company is gradually expanding its business scope to city-scale services, including the management of public facilities, environmental sanitation, and greening in urban areas, playing a more important role in urban governance and contributing to the improvement of the urban living environment.

Focus on green and energy-saving management

The Company will place greater emphasis on the long-term maintenance and upgrading of buildings and facilities to ensure their sustainable use. Regular inspections and maintenance programs will be carried out to extend the service lives of buildings and facilities, while also improving their functionality and safety.

To implement green and energy-saving measures, the employees are encouraged to use energy-efficient equipment and renewable energy sources to reduce the environmental impact of buildings and contribute to the sustainable development of the community.

Financial Review

Revenue

In FY2024, the Group's revenue amounted to RMB247.6 million, representing a decrease of 5.6% as compared to RMB262.4 million in FY2023.

Property management services: Property management services primarily consist of security, cleaning, gardening, repair and maintenance of common areas and common facilities and ancillary services. The portfolio of the Group's managed properties comprises residential properties and non-residential properties. The Group recorded revenue of RMB196.2 million in FY2024, representing a year-on-year increase of 4.9% as compared to RMB187.0 million in FY2023, accounting for 79.2% of the Group's total revenue in FY2024, which is the main source of revenue for the Group. The growth in revenue was mainly attributable to the income in the number of newly-delivered properties under management with higher pricing policies.

Value-added services to non-property owners: Value-added services to non-property owners are a range of value-added services the Group provides to non-property owners, primarily property developers. These services mainly include (i) consulting services, including advising property developers and property owners at the early and construction stages on project planning, design management and construction management; (ii) sales assistance services, which assist property developers in showcasing and marketing their properties, including display unit management and visitor reception for property development projects; and (iii) pre-delivery services, including unit cleaning before delivery, inspection services and security services for completed properties. The Group recorded revenue of RMB12.7 million in FY2024, representing a decrease of 65.0% as compared to RMB36.3 million in FY2023, accounting for 5.1% of the Group's total revenue in FY2024. The decrease in revenue was due to the continuing declining trend in the number of the newly-entered real estate projects in the pipeline.

Community value-added services: Community value-added services are a spectrum of community value-added services the Group provides to customers, primarily property owners and residents, including property repair and maintenance, waste cleaning, utility fee collection, remodeling and decoration and community space services. The Group recorded revenue of RMB18.8 million in FY2024, representing a year-on-year increase of 1.1% as compared to RMB18.6 million in FY2023, accounting for 7.6% of the Group's total revenue in FY2024. The revenue generated from community value-added services remained stable as compared with FY2023 as a result of the sustainable community value-added services to the projects under management.

Other businesses: Other businesses include hotel business and long-term rental apartment business. The Group recorded revenue of RMB19.9 million in FY2024, representing a year-on-year decrease of 2.9% as compared to RMB20.5 million in FY2023, accounting for 8.0% of the Group's total revenue in FY2024. The slight decline in revenue from other businesses resulted from the reflection of normal commercial competition in the field of the tourism industry.

Cost of sales

During the Reporting Period, the Group's cost of sales decreased by 12.6% from RMB217.4 million in FY2023 to RMB190.1 million in FY2024, mainly due to the decreased demand for value-added services to non-property owners which leads to the decreasing cost of human resources and outsourcing services.

Gross profit and gross profit margin

Based on the above factors, during the Reporting Period, the Group's overall gross profit increased by 28.1% from RMB44.9 million in FY2023 to RMB57.5 million in FY2024. The Group's gross profit margin increased by 6.1 percentage point from 17.1% in FY2023 to 23.2% in FY2024.

Gross profit of property management services increased by 39.1% from RMB25.6 million in FY2023 to RMB35.6 million in FY2024, and gross profit margin increased from 13.7% in FY2023 to 18.1% in FY2024, which was mainly due to the improvement of service quality and upgrade of smart community, resulted from the enhancement of effective management of specific residential properties by the Group.

Gross profit of value-added services to non-property owners decreased by 5.4% from RMB7.4 million in FY2023 to RMB7.0 million in FY2024, and the gross profit margin increased by 34.7 percentage points to 55.1% in FY2024 as compared to 20.4% in FY2023. This was mainly due to the decrease in the revenue of property service with higher gross profit and pre-delivery service.

Gross profit of community value-added services grew by 27.3% from RMB7.7 million in FY2023 to RMB9.8 million in FY2024, and the gross profit margin increased by 10.7 percentage points from 41.4% in FY2023 to 52.1% in FY2024. The increase was mainly due to the diversity of value-added business and the expansion of business with higher gross profit.

Gross profit of other businesses increased from RMB4.2 million in FY2023 to RMB5.1 million in FY2024, and the gross profit margin increased by 5.1 percentage points from 20.5% in FY2023 to 25.6% in FY2024. The increase was mainly attributable to the growth in revenue from hospital business.

Other income

During the Reporting Period, other income of the Group recorded RMB0.9 million representing a decrease of 89.5% as compared to other income of RMB8.6 million in FY2023, which was mainly due to the cessation of the financial guarantee with Xingfu Jian Holdings.

Selling and marketing expenses

The Group's selling and marketing expenses maintained steady at RMB1.0 million in FY2024.

Administrative expenses

During the Reporting Period, the Group's administrative expenses increased by 15.6% from RMB24.3 million in FY2023 to RMB28.1 million in FY2024, mainly due to the growth of services fee of professional advisors.

Impairment loss on trade receivables

During the Reporting Period, the Group's impairment loss on trade receivables increased from RMB13.7 million in FY2023 to RMB19.8 million in FY2024 by 44.5%. The increase was primarily due to the lagging collection of the trade receivables during the Reporting Period.

Net finance income

During the Reporting Period, the Group's net finance income decreased from RMB3.2 million in FY2023 to RMB1.9 million in FY2024, mainly due to the reduction in the interest income.

Share of profits and losses of an associate and joint ventures

During the Reporting Period, the Group recorded share of profits of its associate, namely Ningbo Hesheng City Service Development Co., Ltd.* (寧波和晟城市服務發展有限公司), of a total of approximately RMB506,000, mainly due to the reduced cost as a result of expansion of business scale.

During the Reporting Period, the Group recorded share of losses of its joint ventures, namely Hangzhou Honghe Environmental Engineering Co., Ltd.* (杭州宏合環境工程有限公司) (“**Hangzhou Honghe**”) and Ningbo Songjie Enterprise Management Partnership (Limited Partnership)* (寧波宋捷企業管理合夥企業 (有限合夥)), of a total of approximately RMB1.3 million, which was mainly generated from the loss of Hangzhou Honghe.

Profits before tax

During the Reporting Period, the Group's profits before tax was RMB12.4 million, representing a decrease of 27.5% from RMB17.1 million in FY2023, mainly due to the increase of the impairment loss on trade receivables.

Profit for the year

During the Reporting Period, the Group's profit for the year was RMB7.8 million, representing a decrease of 35.0% from RMB12.0 million in FY2023.

Current assets, financial resources and current ratio

The Group maintained satisfactory financial performance in FY2024. As at 31 December 2024, current assets were RMB511.9 million, representing an growth of 10.0% as compared with RMB465.4 million as at 31 December 2023, which was mainly due to the increase of the properties held for sale which were newly acquired during the Reporting Period.

As at 31 December 2024, the Group's cash and cash equivalents were RMB175.0 million, representing a growth of 19.3% as compared with RMB146.7 million for FY2023. This was mainly due to the repayment of convertible notes which was subscribed by the Company on 22 December 2023. The current ratio (calculated by dividing current assets by current liabilities) of the Group increased from 2.76 times as at 31 December 2023 to 3.27 times as at 31 December 2024.

As at 31 December 2024, the total equity of the Group was RMB393.2 million, as compared with RMB392.5 million as at 31 December 2023. This was mainly due to the growth in net profit and retained earnings.

Bank loans and other borrowings

During the Reporting Period, the Group did not have any bank loans or other borrowings.

Property, plant and equipment

As at 31 December 2024, the property, plant and equipment of the Group amounted to RMB18.2 million, representing a decline of 31.6% as compared with RMB26.6 million as at 31 December 2023, mainly due to the increase of the accumulated depreciation.

Capital structure

There has been no change in capital structure of the Company during the year ended 31 December 2024. The capital of the Company comprises ordinary shares and other reserves.

Contingent liabilities

During the Reporting Period, the Group did not have any material contingent liabilities (31 December 2023: nil).

Treasury policy

To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Pledged assets

As at 31 December 2024, the Group did not have any pledged assets (31 December 2023: nil).

Trade and other receivables

As at 31 December 2024, trade and other receivables amounted to RMB170.3 million, representing a decline of 26.1% as compared with RMB230.3 million as at 31 December 2023, mainly due to the acquisition of assets which offset the trade receivables during the Reporting Period.

The table below sets forth the ageing analysis of trade receivables as at the date indicated and the subsequent settlement of the trade receivables for the Reporting Period.

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000	Subsequent settlement RMB'000
Related parties			
0 to 180 days	19,736	21,402	202
181 to 365 days	22,329	17,805	–
1 to 2 years	16,189	56,101	–
2 to 3 years	–	27,990	–
Over 3 years	–	4,704	–
Independent third parties			
0 to 180 days	48,827	31,195	3,477
181 to 365 days	31,693	23,565	77
1 to 2 years	3,777	19,514	1,120
Total	142,551	202,276	4,876

In order to recover the long aged trade receivables, the Group has taken actions as below:

- For related parties (mainly members of Sundy Land Group), the Group regularly follows up with the corresponding units on the payment status and sends out reminders on a quarterly or semi-annual basis for accounts receivables with longer ageing periods. Considering the long-term cooperations with Sundy Land Group and the fact that the Group has been substantially benefited from such relationship to acquire various projects, as at the date of this announcement, the Group has no current plans to take out legal actions regarding such accounts receivables. Meanwhile, the Group will continue to closely monitor the payment status and the recoverability of such accounts receivables, and when necessary, for instance, if payment has not been settled according to the agreed schedule by the corresponding unit, the Group will consider and commence legal proceedings against the relevant related parties to recover the said accounts receivables. The Group also actively negotiated with the related parties to deal with the receivables including but not limited to other payables covering the trade receivables and taking assets to cover the unpaid receivables.

On 26 March 2024, the Company entered into the Acquisition of Properties and Debts Settlement Framework Agreement. Pursuant to the Acquisition of Properties and Debts Settlement Framework Agreement, the Company has conditionally agreed to acquire and the Sundry Land Group has conditionally agreed to dispose of the properties in an aggregate consideration of RMB100,050,000 which shall be offset against the trade receivables for the year ended 31 December 2023 on a dollar-for-dollar basis. The Acquisition of Properties and Debts Settlement Framework Agreement was approved by the extraordinary general meeting held on 14 June 2024.

- For third parties, based on the historical payment record of the customer(s) involved and the actual agreed payment date of the corresponding accounts receivables, the Group has issued or will issue reminder to the customer setting out the deadline to settle the outstanding sum. If such customer does not settle the outstanding sum on or before the deadline, a formal demand letter will be issued. For those accounts receivables which are not recovered after the said actions, the Group will commence legal proceedings accordingly. Taking into account the business nature of the Group, some independent third parties are property owners, according to industry practice, the Group also conducts regular activities to encourage such property owners to settle management fees in a timely manner, as well as report to the management the collection status of outstanding management fees on a daily basis.

Impairment loss on trade receivables

During the Reporting Period, the impairment loss on trade receivables of the Group amounted to RMB19.8 million, representing a growth of 44.5% as compared with RMB13.7 million in the same period of 2023.

Trade and other payables

As at 31 December 2024, trade and other payables amounted to RMB123.0 million, representing a decrease of 7.9% as compared with RMB133.5 million as at 31 December 2023. This was mainly due to the decrease of outsourcing services which leads to a decline of the trade payables from third parties.

Human resources

As at 31 December 2024, the Group employed a total of 435 employees (for the year ended 31 December 2023: 575 employees). During the Reporting Period, the staff costs of the Group were RMB60.7 million (2023: RMB72.5 million).

In determining remuneration of Directors and senior management of the Company, the Board will consider the remuneration level of skill, knowledge, involvement in the Group's affairs and performance of each Director, together with reference to the profitability of the Company, remuneration benchmarks in the industry, and prevailing market conditions.

The Group ensures that their employees are offered competitive remuneration package. The Group had also adopted a share option scheme, details of which has been disclosed in the paragraph headed “Statutory and General Information – D. Other information – 1. Share Option Scheme” in Appendix IV of the prospectus of the Company dated 31 December 2020 (the “**Prospectus**”).

Significant investments, acquisitions and disposals

The Group’s significant investments comprised i) the convertible notes issued by a company listed in Australia; ii) wealth management product; iii) acquisitions of assets held for sale; and iv) the disposal of a subsidiary, and details of which are set out in below.

Convertible note issued by a company listed in Australia

As disclosed in the announcement of the Company dated 22 December 2023, the Company entered into the binding terms sheet in relation to the subscription of convertible notes (the “**Convertible Notes**”) with Black Cat Syndicate Limited (“**Black Cat**”), a company incorporated in Australia and listed on Australia Securities Exchange (Stock Code: BC8) and principally engaged in the exploration for minerals and the economic evaluation of gold projects located in Western Australia, pursuant to which the Company agreed to subscribe for the convertible notes in an aggregate amount of AUD\$9,000,000 using internal resources. The Convertible Notes will mature on 31 March 2027 and can be converted at any time at the Company’s discretion. Interest will be accrued daily at 10% per annum inclusive of interest withholding tax and will be capitalised monthly up to 30 September 2024.

On 12 November 2024, Black Cat repaid the Convertible Notes in the total amount of approximately AUD\$9.0 million, which comprised the principal amount of approximately AUD\$9.0 million and interest income of approximately AUD\$26,284.85 (the “**Repayment**”). As at 31 December 2024, the total interest income generated from the Convertible Notes recorded approximately AUD\$0.7 million.

Wealth Management Product

- a) As disclosed in the announcement of the Company dated 29 November 2023, Sundy Property entered into an agency sales agreement for institutional wealth management product with Huaxia Bank, pursuant to which Sundy Property agreed to subscribe for the offered by Huaxia Wealth Management in an aggregate amount of RMB70,000,000 using internal resources.

Huaxia Wealth Management is a wealth management subsidiary wholly owned by Huaxia Bank. The business scope of Huaxia Wealth Management mainly covers issuing wealth management products to the public and investing and managing the investors’ assets as trustee, issuing wealth management products to qualified investors and investing and managing the investors’ assets as trustee, and financial advisory and consulting services. Huaxia Bank is a licensed bank in the PRC and a joint stock company established under the laws of the PRC, which provides corporate and personal banking business, treasury business, finance leasing, asset management and other financial services in the PRC. Its shares are listed on the Shanghai Stock Exchange (stock code: 600015).

The investment cost of the Huaxia Wealth Management Product was RMB70,000,000. As disclosed in the announcement of the Company dated 24 January 2024, Sundy Property redeemed the Huaxia Wealth Management Product on 3 January 2024 and the total gain on investment in Huaxia Wealth Management Product was approximately RMB217,000 with an average annualized rate of return of approximately 3.33%.

- b) On 15 April 2024, Sundy Property, entered into an agency sales agreement for institutional wealth management product with Industrial and Commercial Bank of China Limited* (中國工商銀行股份有限公司), pursuant to which Sundy Property agreed to subscribe for the ICBC Wealth Management • Zhouzhou Xintianyi Fixed-income 7-day Wealth Management Product (工銀理財 • 周周鑫添益固收類7天定開法人理財產品) offered by ICBC Wealth Management Co., Ltd* (工銀理財有限責任公司) (the “**ICBC Wealth Management Product**”) in an aggregate amount of RMB20,000,000 using internal resources. The ICBC Wealth Management Product has non-fixed term, the expected annualised rate of return is 2.6% to 3.6% (non-guaranteed). Sundy Property redeemed the ICBC Wealth Management Product on 10 July 2024.

As at 31 December 2024, the fair value of the ICBC Wealth Management Product amounted to approximately RMB20,120,000. The investment cost of the ICBC Wealth Management Product was RMB20,000,000. The total gain on investment in ICBC Wealth Management Product was approximately RMB125,000 with an average annualized rate of return of approximately 2.68%.

- c) On 16 December 2024, Sundy Jiahe entered into an agency sales agreement for institutional wealth management product with Bank of Hangzhou Co., Ltd* (杭州銀行股份有限公司), pursuant to which Sundy Jiahe agreed to subscribe for the Bank of Hangzhou Wealth Management Happiness 99 tianyi 7-day Wealth Management Product (杭銀理財幸福99添益 (安享優選) 7天持有期理財) offered by Hangying Wealth Management Co., Ltd* (杭銀理財有限責任公司) (the “**Hangying Wealth Management Product**”) in an aggregate amount of RMB6,000,000 using internal resources. The Hangying Wealth Management Product has non-fixed term, the expected annualised rate of return is 1.9% to 2.3% (non-guaranteed).

As at 31 December 2024, the fair value of the Hangying Wealth Management Product amounted to RMB6,005,000. The investment cost of the Hangying Wealth Management Product was RMB6,000,000. The total gain on investment in the Hangying Wealth Management Product was approximately RMB5,000 with an average annualized rate of return of approximately 1.9% to 2.3%.

Acquisitions of assets held for sale

- a) On 5 January 2024 (after trading hours), Sundy Property, an indirect wholly-owned subsidiary of the Company, entered into a property transfer agreement with Guzhang Daying Mining Co., Ltd.* (古丈大盈礦業有限公司) (“**Guzhang Daying**”) (the “**Property Transfer Agreement**”), pursuant to which Guzhang Daying agreed to transfer the land use rights of the properties (the “**Properties**”) to Sundy Property at an aggregate consideration of RMB39,730,000. The Property Transfer Agreement was approved by the extraordinary general meeting held on 26 February 2024.

As at 31 December 2024, the book value of the Properties amounted to RMB39.1 million.

- b) On 26 March 2024, the Company entered into the Acquisition of Properties and Debts Settlement Framework Agreement. Pursuant to the Acquisition of Properties and Debts Settlement Framework Agreement, the Company has conditionally agreed to acquire and the Sundy Land Group has conditionally agreed to dispose of the properties (the “**Settlement Properties**”) in an aggregate consideration of RMB100,050,000 which shall be offset against the trade receivables for the year ended 31 December 2023 on a dollar-for-dollar basis. The Acquisition of Properties and Debts Settlement Framework Agreement was approved by the extraordinary general meeting held on 14 June 2024.

As at 31 December 2024, the book value of the Settlement Properties amounted to RMB97.7 million.

Disposal of a subsidiary

On 15 June 2024, the Group entered into an equity transfer agreement with Taizhou Lu Qiao Lvgang Tongxiang Estate Co., Ltd* (台州陸橋旅港同鄉置業有限公司) to dispose 51% equity of Sundy Lvgang at an aggregate consideration of RMB2,817,000.

Foreign exchange risk exposure

The Group mainly operates its business in the PRC, and most of its business are conducted in RMB, and its exposure to foreign exchange risks is limited. However, as the proceeds from the Listing are dominated in Hong Kong dollar, the depreciation or appreciation of the Hong Kong dollar and interest rate adjustments will affect the performance of the Group. Therefore, the Group will closely monitor the exchange rate risks and interest rate risks involved, actively discuss foreign exchange hedging solutions with major banks, and use financial instruments to counter the risks involved when necessary.

FINAL DIVIDEND

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

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the shareholders who are entitled to attend and vote at the annual general meeting of the Company (“AGM”), the register of members of the Company will be closed from Monday, 2 June 2025 to Thursday, 5 June 2025 (both days inclusive). In order to qualify for attending and voting at the AGM, all transfer documents together with the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar for registration, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 30 May 2025.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability of the Company. During the Reporting Period and up to the date of this announcement, the Company has adopted and complied with all applicable code provisions under the Corporate Governance Code in Appendix C1 to the Listing Rules.

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

The Company has established the Audit Committee in compliance with the Listing Rules to fulfil the functions of reviewing and monitoring the financial reporting and internal control of the Company. The Audit Committee currently consists of three independent non-executive Directors, namely, Ms. Ye Qian, Mr. Huang Enze and Mr. Zhu Haoxian. Ms. Ye Qian is the chairman of the Audit Committee.

The Audit Committee has reviewed with the management of the Company this annual results and the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial statements matters, including the review of the consolidated financial statements of the Group for FY2024.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set forth in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions of the Directors. The Company had made specific enquiry and each Director confirmed that they have complied with the Model Code during the Reporting Period and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the Reporting Period and up to the date of this announcement.

PUBLIC FLOAT

Based on the information publicly available to the Company and to the knowledge of the Directors, the Company has maintained sufficient public float as required by the Listing Rules during the Reporting Period and up to the date of this announcement. The Company maintained the minimum level of public float of 25% of its total issued share capital.

EVENTS AFTER THE REPORTING PERIOD

The following events happened subsequent to the end of the Reporting Period:

- (1) On 27 February 2025, Hangzhou Xingrun, a subsidiary of the Company, entered into a structured deposit product agreement with China Minsheng Bank, pursuant to which, Hangzhou Xingrun agreed to subscribe for structured deposit product of RMB50 million from China Minsheng Bank using the internal funds of the Group; and
- (2) On 19 March 2025, the Company announced that (i) Ms. Miao Jianping resigned as the chief financial officer of the Company (the “**Chief Financial Officer**”); (ii) Ms. Zhang Qisi resigned as the company secretary of the Company (the “**Company Secretary**”); (iii) Ms. Chen Xiaomin was appointed as the Chief Financial Officer; and (iv) Ms. Xu Xiaoli was appointed as the Company Secretary.

USE OF PROCEEDS FROM THE LISTING

The net proceeds from the Listing intended to be applied in accordance with the section headed “Future Plans and Use of Proceeds” in the Prospectus and with details as set out as follow:

- approximately 48% to acquire, invest in, or form strategic alliance with one or more than one financially sound property management company with business focus on provision of property management services to residential and/or non-residential properties within the Yangtze River Delta region, particularly Hangzhou and other cities where the Group considers to be appropriate based on the market needs. As of the date of this announcement, approximately 15.3% of the amount has been utilised, mainly for investment in a joint venture and an associate and it is expected to be fully utilised by 31 December 2025;
- approximately 12% to invest in and expand the services related to the Future Community Pilot Plan, which primarily involves the provision of property management services and various types of community value-added services. As of the date of this announcement, all of the amount has been used for investing in digital upgrading among the certain future communities;

- approximately 15% to create a smart community through utilisation of advanced technology, such as the use of electronic patrolling systems and smart accesses, introduction of intelligent products and services and utilisation of digital equipment; and develop a mobile application for property owners and residents. As at the date of this announcement, all of the amount has been utilised to develop and upgrade the online-offline mobile application;
- approximately 15% to explore, diversify and expand its community value-added services, including move-in and move-out services, household services, home cleaning and laundering services, childcare, babysitting and elderly care services for property owners and residents; and expand other businesses, in particular long-term rental apartment business. As of the date of this announcement, approximately 55.2% of the amount has been utilised, mainly for investing in childcare, babysitting and elderly care services for residents and it is expected to be fully utilised by 31 December 2025; and
- approximately 10% to provide funding for its working capital and other general corporate purposes. As of the date of this announcement, all of the amount has been used, mainly for payment of related intermediary service fees after the Listing and other operating purposes.

SCOPE OF WORK OF CROWE (HK) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this announcement have been agreed by the Group's auditor, Crowe (HK) CPA Limited ("Crowe"), to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Crowe in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Crowe on this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT ON THE WEBSITES OF STOCK EXCHANGE AND THE COMPANY

The annual results announcement has been published on the websites of the Stock Exchange at (www.hkexnews.com.hk) and the Company at (<http://songduwuye.com>). The annual report of the Company for the Reporting Period, which contains all information required by the Listing Rules, will be dispatched to the Company's shareholders and published on the websites of the Stock Exchange and the Company in due course.

ANNUAL GENERAL MEETING

The AGM will be held on Thursday, 5 June 2025 while the notice and circular convening the AGM will be published and dispatched to the Company's shareholders in the form required in the Listing Rules in due course.

By order of the Board
Sundy Service Group Co. Ltd
Yu Yun
Chairman

Hong Kong, 31 March 2025

As at the date of this announcement, the Board comprises four executive Directors, Ms. Yu Yun (Chairman), Mr. Zhu Yihua (Chief Executive Officer), Mr. Zhu Congyue, and Mr. Zhang Zhenjiang and three independent non-executive Directors, Mr. Zhu Haoxian, Mr. Huang Enze and Ms. Ye Qian.

** For identification purpose only*