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Ever Sunshine Services Group Limited
永升服务集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1995)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

SUMMARY

1. Revenue for 2024 was approximately RMB6,841.1 million, representing an increase of 4.6% from approximately RMB6,537.4 million for 2023.
2. The gross profit of the Group for 2024 was approximately RMB1,348.7 million, representing an increase of 7.6% from approximately RMB1,253.0 million for 2023.
3. Profit for 2024 was approximately RMB591.3 million, representing an increase of approximately 11.6%, as compared with approximately RMB530.0 million for 2023. Meanwhile, profit attributable to owners of the Company for 2024 was approximately RMB478.0 million, representing an increase of 10.0% as compared with approximately RMB434.5 million for 2023.
4. During the year ended 31 December 2024, the Board paid an interim dividend of HK\$0.0839 per Share for the six months ended 30 June 2024 (2023: HK\$0.045 per Share) and a special dividend of HK\$0.0336 per Share (2023: nil). Furthermore, the Board recommended the payment of a final dividend of HK\$0.0668 per Share for the year ended 31 December 2024 (2023: HK\$0.0914 per Share).
5. During the year ended 31 December 2024, the Company bought back an aggregate of 15,324,000 of its Shares on the Stock Exchange. As at 31 December 2024, all the Shares bought back by the Company have been cancelled.

The board (the “**Board**”) of directors (the “**Directors**”) of Ever Sunshine Services Group Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (together the “**Group**”, “**we**”, “**us**” or “**our**”) for the year ended 31 December 2024 (the “**Reporting Period**”) with comparative figures for the year ended 31 December 2023, which have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

		For the year ended 31 December	
	Notes	2024	2023
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	5	6,841,135	6,537,423
Cost of services		(5,492,483)	(5,284,415)
Gross profit		1,348,652	1,253,008
Other income and other gains and losses		16,172	54,322
Administrative expenses		(414,941)	(472,206)
Selling expenses		(101,764)	(94,282)
Expected credit loss on financial assets, net of reversal		(74,150)	(46,113)
Finance costs		(3,165)	(5,868)
Other expenses		(11,323)	(8,117)
Share of results of associates		(26)	–
Profit before taxation		759,455	680,744
Income tax expense	6	(168,148)	(150,775)
Profit and total comprehensive income for the year		591,307	529,969

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (Continued)**

For the year ended 31 December 2024

		For the year ended	
		31 December	
Note		2024	2023
		<i>RMB'000</i>	<i>RMB'000</i>
Profit and total comprehensive income for			
the year attributable to:			
	Owners of the Company	477,996	434,472
	Non-controlling interests	113,311	95,497
		<u>591,307</u>	<u>529,969</u>
Earnings per share (RMB)			
	Basic and diluted earnings per share	<u>0.2758</u>	<u>0.2484</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Note	31 December 2024 <i>RMB'000</i>	31 December 2023 <i>RMB'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		96,775	123,417
Investment properties		549,125	558,480
Intangible assets		297,557	318,494
Goodwill		1,488,171	1,488,171
Investments in associates		1,854	–
Deferred tax assets		110,903	83,323
Prepayments and other receivables		374,525	399,230
Financial assets at fair value through profit or loss (“FVTPL”)		277,046	362,663
Deferred contract costs		45,719	38,009
		<u>3,241,675</u>	<u>3,371,787</u>
Current assets			
Inventories		1,540	3,191
Deferred contract costs		20,493	3,661
Trade and bills receivables	9	2,445,015	2,181,546
Prepayments and other receivables		818,727	885,119
Financial assets at FVTPL		3,935	4,264
Restricted cash		67,422	38,165
Cash and cash equivalents		2,617,846	2,341,510
		<u>5,974,978</u>	<u>5,457,456</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2024

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
Current liabilities			
Trade and bills payables	10	1,307,537	1,150,291
Accruals and other payables		1,323,951	1,335,495
Borrowings		35,243	40,769
Contract liabilities	5(b)	940,075	870,338
Lease liabilities		7,698	10,848
Provision for taxation		138,027	103,965
		<u>3,752,531</u>	<u>3,511,706</u>
Net current assets		<u>2,222,447</u>	<u>1,945,750</u>
Total assets less current liabilities		<u>5,464,122</u>	<u>5,317,537</u>
Non-current liabilities			
Borrowings		305	4,182
Lease liabilities		2,572	7,948
Other long-term payables		–	9,322
Deferred tax liabilities		75,204	82,451
		<u>78,081</u>	<u>103,903</u>
Net assets		<u>5,386,041</u>	<u>5,213,634</u>
CAPITAL AND RESERVES			
Share capital		15,291	15,480
Reserves		4,985,835	4,857,586
Equity attributable to owners of the Company		<u>5,001,126</u>	<u>4,873,066</u>
Non-controlling interests		<u>384,915</u>	<u>340,568</u>
Total equity		<u>5,386,041</u>	<u>5,213,634</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1 GENERAL INFORMATION

Ever Sunshine Services Group Limited (the “**Company**”) is a public limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its ultimate controlling parties are Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei. Upon completion of sales and purchase of the Company’s share and execution of voting right entrustment agreement between the shareholders of the Company on 30 June 2020, Spectron Enterprises Limited (incorporated in the British Virgin Islands (the “**BVI**”) became the immediate holding company of the Company and CIFI Holdings (Group) Co. Ltd. (incorporated in the Cayman Islands with its shares listed on the Stock Exchange) became the ultimate holding company of the Company. The address of its registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands.

The Company acts as an investment holding company. The Group, comprising the Company and its subsidiaries, is principally engaged in the provision of property management services, community value-added services, value-added services to non-property owners, and city services.

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is the functional currency of the Company.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain investment properties and financial instruments that are measured at fair values at the end of each reporting period.

3 APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRS Accounting Standards issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

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

The application of the amendments to HKFRS Accounting Standards in the current year 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 HKFRS Accounting Standards in issue but not yet effective

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11 ³
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

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

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

4 SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment focuses on revenue analysis. No other discrete financial information is provided other than the Group's results and financial position as a whole. Accordingly, only entity-wide disclosures, major customers and geographic information are presented.

Information about major customers

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

Information about geographical areas

The major operating entity of the Group is domiciled in the People's Republic of China ("PRC"). Accordingly, all of the Group's revenue were derived in the PRC for the year ended 31 December 2024 and 2023.

5 REVENUE

Revenue mainly comprises of proceeds from property management services, community value-added services, value-added services to non-property owners and city services. An analysis of the Group's revenue by category was as follows:

	For the year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from contracts with customers		
– Property management services	5,091,428	4,463,188
– Community value-added services	862,395	890,282
– Valued-added services to non-property owners	599,108	777,557
– City services	286,114	405,953
	6,839,045	6,536,980
Others	2,090	443
Total	6,841,135	6,537,423
Timing of revenue recognition		
A point in time	324,858	289,470
Over time	6,514,187	6,247,510
	6,839,045	6,536,980

(a) Transaction price allocated to the remaining performance obligation for contracts with customers

Contracts for property management services and city services are usually long term and the Group bills a fixed amount for service provided regularly. The Group elected to apply the practical expedient by recognising revenue in the amount to which the Group has right to invoice. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Community value-added services and value-added services to non-property owners are for periods usually less than one year. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(b) Details of contract liabilities

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

	31 December 2024	31 December 2023
	RMB'000	RMB'000
Contract liabilities	940,075	870,338

As at 1 January 2023, contract liabilities amounted to RMB669,185,000.

(i) Increase in contract liabilities

Contract liabilities of the Group arise from the advance payments made by customers while the property management services or value-added services are yet to be provided.

The increase in contract liabilities balance as at 31 December 2024 was mainly due to 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 the Reporting Period relates to carried-forward contract liabilities:

	For the year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year	<u>779,310</u>	<u>667,996</u>

6 INCOME TAX EXPENSE

	For the year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
PRC Enterprise Income Tax:		
Current tax	202,032	174,898
Under provision in respect of prior year	943	992
	<u>202,975</u>	<u>175,890</u>
Deferred tax		
Credited to profit or loss for the year	(34,827)	(25,115)
	<u>168,148</u>	<u>150,775</u>

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries are i) 25%; ii) 15% if registered or engaged in the encouraged industries and registered in the western region of the PRC; iii) 15% if regarded as advanced technology enterprise by local tax bureau; or iv) 15% if registered and operating in the Hainan Free Trade Port.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China.

Pursuant to the rules and regulations of the BVI and the Cayman Islands, the Group is not subject to any income tax in the BVI and the Cayman Islands.

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

7 DIVIDENDS

	For the year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2024 Interim - HK\$0.0839 (2023 Interim – HK\$0.045) per ordinary share	132,586	72,234
2024 Interim Special - HK\$0.0336 (2023 Interim – Nil) per ordinary share	53,098	—
2023 Final - HK\$0.0914 (2022 Final – HK\$0.0492) per ordinary share	143,621	78,976
	<u>329,305</u>	<u>151,210</u>

Subsequent to the end of the Reporting Period, a final dividend in respect of the year ended 31 December 2024 of HK\$0.0668 (2023: final dividend in respect of the year ended 31 December 2023 of HK\$0.0914) per ordinary share, in an aggregate amount of HK\$115,467,000 (2023: HK\$159,879,000), has been proposed by the board of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

8 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the equity owners of the Company is based on the following data:

	For the year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Earnings		
Profit attributable to the equity owners of the Company	<u>477,996</u>	<u>434,472</u>

	For the year ended 31 December	
	2024	2023
	<i>Number'000</i>	<i>Number'000</i>
Number of shares		
Weighted average number of ordinary shares	<u>1,732,820</u>	<u>1,749,220</u>

No diluted earnings per share was presented as there were no potential ordinary shares in issue for both years.

9 TRADE AND BILLS RECEIVABLES

	31 December	31 December
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables		
– Related parties	878,789	913,198
– Third parties	<u>1,907,086</u>	<u>1,535,600</u>
	2,785,875	2,448,798
Bills receivables	<u>4,093</u>	<u>2,027</u>
Total	2,789,968	2,450,825
Less: allowance for credit losses	<u>(344,953)</u>	<u>(269,279)</u>
	<u>2,445,015</u>	<u>2,181,546</u>

As at 1 January 2023, trade and bills receivables from contracts with customers amounted to RMB1,771,724,000. All bills received by the Group are with a maturity period of less than one year.

Trade receivables mainly arise from property management services under lump sum basis, community value-added services, value-added services to non-property owners and city services.

Revenue from property management services under lump sum basis, community value-added services, value-added services to non-property owners and city services are received in accordance with the term of the relevant service agreements and are due for payment upon the issuance of demand note.

The maturity of the bills receivable of the Group as at 31 December 2024 and 2023 is within 6 months. As at 31 December 2024 and 2023, no bills receivable is due from related parties.

As at 31 December 2024 and 2023, the ageing analysis of the trade and bills receivables net of expected credit loss presented based on invoice date were as follows:

	31 December 2024	31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	1,589,620	1,740,692
1 to 2 years	510,796	299,836
2 to 3 years	229,695	85,519
3 to 4 years	76,949	41,429
4 to 5 years	37,955	14,070
	<u>2,445,015</u>	<u>2,181,546</u>

10 TRADE AND BILLS PAYABLES

	31 December	31 December
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables		
– Related parties	25,132	49,254
– Third parties	1,257,593	1,084,455
	1,282,725	1,133,709
Bills payables	24,812	16,582
	1,307,537	1,150,291

Based on the receipt of services and goods, which normally coincided with the invoice dates, the ageing analysis of the Group's trade and bills payables as at 31 December 2024 and 2023 as follows:

	31 December	31 December
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	959,602	868,873
1 to 2 years	180,289	209,118
2 to 3 years	121,511	50,141
3 to 4 years	44,644	21,519
4 to 5 years	1,491	640
	1,307,537	1,150,291

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

We are a reputable and fast-growing comprehensive property management service provider in the People's Republic of China (the “**PRC**”). As of 31 December 2024, we provided property management services, value-added services and city services in 101 cities in Mainland China, with a total contracted gross floor area (“**GFA**”) of approximately 350.9 million square metres (“**sq.m.**”), among which, we had a total GFA under management of approximately 250.6 million sq.m., serving more than 1,100,000 households.

Our business covers a broad spectrum of properties, including residential properties and non-residential properties, covering office buildings, shopping malls, school campus, hospitals, scenic spots, government-owned buildings, expressway stations, rail transit, and ferry terminals, etc. In addition, we also provide city services and other high-quality tailored services.

Adhering to the concept of “Building Better Lives”, our core value is to let customer “be Trouble-Free, Worry-Free, and Discontent-Free (讓用戶省心、放心、開心)”. We promote diversified development through technological innovation and adhere to the development strategy of “Platform + Ecosystem”. Our mission is to provide comprehensive, caring and professional property management services to our customers and to grow into a customer-preferred smart city service brand.

Our Business Model

We operate four major business lines, namely (i) property management services; (ii) community value-added services; (iii) value-added services to non-property owners; and (iv) city services, which form a comprehensive service portfolio offering to our customers and cover the entire value chain of the property management industry.

1. Property management services: We provide a variety of property management services to property developers, property owners and residents, which primarily include cleaning, security, gardening and repair and maintenance services. We manage a portfolio of residential and non-residential properties. Our non-residential properties include office buildings, shopping malls, schools, hospitals, scenic spots, government-owned buildings, expressway service stations, rail transit and ferry terminals.
2. Community value-added services: We provide community value-added services to both property owners and residents with the aim of improving their living experiences, maintaining and enhancing their asset values. These services mainly cover (i) home-living services; (ii) parking unit management and leasing services; (iii) property agency services; and (iv) common area value-added services.
3. Value-added services to non-property owners: We provide a comprehensive range of value-added services to non-property owners, who primarily include property developers and, to a lesser extent, non-property developers who require certain additional tailored services in respect of their non-residential properties and property management services providers who outsource certain value-added services to us. Our value-added services to non-property owners mainly include (i) sales assistance services; (ii) additional tailored services; (iii) housing repair services; (iv) pre-delivery inspection services; and (v) preliminary planning and design consultancy services, which cover on-site inspection services for each unit to provide sufficient recommendations from the end-user's perspective.
4. City services: We can provide a wide range of city services. Such services mainly include (i) city environmental sanitation; (ii) waste sorting and treatment; (iii) installation of block facilities; (iv) landscaping project; (v) old communities renovation; and (vi) smart block construction.

Property Management Services

Continuous High Quality Development

We uphold our strategy of deepening city and insist on quality expansion as one of our strategic goals. During the year ended 31 December 2024, we have continuously optimized our management portfolio to achieve high-quality development of both contracted GFA and GFA under management.

As at 31 December 2024, our contracted GFA amounted to approximately 350.9 million sq.m. and the number of contracted projects was 1,833, representing an increase of approximately 13.8% and 9.2%, respectively as compared with 31 December 2023. As at 31 December 2024, the GFA under management amounted to approximately 250.6 million sq.m. and the number of projects under management was 1,457, representing an increase of 13.2% and 11.5%, respectively as compared with 31 December 2023.

The following table sets out the changes in our contracted GFA and GFA under management for the years ended 31 December 2024 and 2023, respectively:

	For the year ended 31 December			
	2024		2023	
	Contracted GFA (sq.m. '000)	GFA under management (sq.m. '000)	Contracted GFA (sq.m. '000)	GFA under management (sq.m. '000)
As at the beginning of the year	308,265	221,408	303,435	209,954
Additions ⁽¹⁾	83,421	58,848	46,611	42,118
Terminations ⁽²⁾	(40,751)	(29,614)	(41,781)	(30,664)
As at the end of the year	350,935	250,642	308,265	221,408

Notes:

- (1) With respect to our residential and non-residential projects under management, additions primarily included preliminary management contracts for new properties developed by real estate developers, property management service contracts pursuant to which we replaced the previous property management service providers, and property management contracts acquired through acquisitions of subsidiaries.
- (2) These terminations included our voluntary non-renewals of certain property management services contracts as we reallocated our resources to more profitable engagements in order to optimize our property management portfolio.

Our Geographic Footprint

Since the Group's inception up to 31 December 2024, our geographic footprint has covered 101 cities in China, aiming at deep city penetration in pursuit of effective scale expansion.

The table below sets forth a breakdown, by geographic location, of our total GFA under management as at the dates indicated and the revenue generated from property management services for the years ended 31 December 2024 and 2023, respectively:

	As at or for the year ended 31 December					
	2024			2023		
	GFA	Revenue		GFA	Revenue	
	<i>sq.m. '000</i>	<i>RMB'000</i>	<i>%</i>	<i>sq.m. '000</i>	<i>RMB'000</i>	<i>%</i>
Eastern region ⁽¹⁾	143,126	3,168,285	62.2	125,422	2,836,483	63.5
Northern region ⁽²⁾	32,933	591,600	11.6	22,072	433,882	9.7
Central Southern region ⁽³⁾	37,983	663,414	13.0	37,810	566,519	12.7
Western region ⁽⁴⁾	27,011	492,198	9.7	28,112	499,013	11.2
Northeastern region ⁽⁵⁾	9,589	175,931	3.5	7,992	127,291	2.9
Total	250,642	5,091,428	100.0	221,408	4,463,188	100.0

Notes:

- (1) Cities in the eastern region in which we have property management projects include Shanghai, Suzhou, Jiaxing, Hangzhou, Nanjing, Wuxi, Xiamen, Zhoushan, Zhangzhou, Rizhao, Liaocheng, Yangzhou, Lianyungang, Xuancheng, Jinhua, Chuzhou, Huzhou, Quanzhou, Zhenjiang, Zibo, Zunyi, Huaian, Wuhu, Huainan, Yantai, Shaoxing, Weihai, Suqian, Taizhou, Fuzhou, Yancheng, Weifang, Heze, Jining, Wenzhou, Taizhou, Fuyang, Dezhou, Xuzhou, Linyi, Nantong, Changzhou, Jinan, Dongying, Anqing, Ningbo, Binzhou, Qingdao and Hefei.
- (2) Cities in the northern region in which we have property management projects include Beijing, Tianjin, Shijiazhuang, Taiyuan, Cangzhou, Tangshan, Langfang and Handan.
- (3) Cities in the central southern region in which we have property management projects include Shenzhen, Foshan, Wuhan, Zhengzhou, Changsha, Nanyang, Jiangmen, Putian, Dali Bai Autonomous Prefecture, Guangzhou, Nanchang, Huanggang, Zhoukou, Huizhou, Guilin, Nanning, Yichang, Shaoyang, Zhuzhou, Xiangtan, Zhongshan, Shangqiu, Xuchang, Dongguan, Yueyang, Changde, Hengyang, Liuzhou and Luoyang.
- (4) Cities in the western region in which we have property management projects include Xi'an, Chengdu, Chongqing, Baoji, Weinan, Luliang, Tianshui, Urumqi, Xiangyang, Xining, Zaozhuang, Yinchuan, Baiyin, Guiyang, Liupanshui and Kunming.
- (5) Cities in the northeastern region in which we have property management projects include Changchun, Harbin, Shenyang and Dalian.

Achieve Stable Growth in Scale, under the Premise of the Principle of High-Quality Development

Handling of Business Transactions with CIFI Group in accordance with market-oriented principle

As a long-term service partner of CIFI Holdings (Group) Co. Ltd. (the “**CIFI Holdings**”, stock code: 00884) and its subsidiaries (excluding the Group) (the “**CIFI Group**”), we have always maintained a solid market-oriented cooperative relationship with CIFI Group. Looking back on 2024, the market environment of the real estate industry in the PRC remained severe, with weak recovery. These challenges have also brought continuous negative impacts on the property management service industry. We still adhere to the principle of “conducting business transactions with CIFI Group in accordance with market-oriented principles” to handle the bilateral business cooperation. This enables us to relatively effectively reduce the relevant negative impacts and strive to keep the impacts of such negative factors on our property management service business within a controllable range. We continuously improve and adjust our strategies to ensure that the cooperation with CIFI Group continues to develop steadily. In this challenging environment, we safeguard the long-term development interests of the Company to the greatest extent.

Continuously Enhance the Company’s Development Capabilities in the Independent Third-Party Market

As one of the key drivers of the Company’s expansion, we have always endeavoured to diversify into third-party markets. By expanding our resources to various independent markets, we continue to increase our market share. At the same time, we continue to improve our ability to build teams to achieve better empowerment results. This proactive strategy has enabled us to remain competitive in an ever-changing environment and has brought about sustained scale growth for the Company. The main targets of our market expansion include regional property developers, property owners’ committees, local governments, and commercial and corporate clients. To acquire management rights for property developers’ first-hand projects, we participated in the tender bidding of their new development projects. During the year 2024, we acquired high-quality first-hand projects such as, Suzhou Xiqian Yaju (蘇州溪前雅居), Tianjin Yangxi Huayuan (天津央璽花苑) and Jinhuayuan (錦花苑).

To acquire management rights for second-hand projects, we joined in the tender bidding offered by the property owners' committees to replace the previous property management service provider. During the year 2024, we acquired premium second-hand projects, such as Phase III of the Kunming Zhongliang Huazhang Community (昆明中梁華章社區三期), Harbin Acheng Huayangwei (哈爾濱阿城花漾蔚), Shanghai Tianshan Riverside Garden (上海天山河畔花園), Suzhou Wujiang Chang'an Garden (蘇州吳江長安花園), Wenzhou Boya Mingdi (溫州鉞雅名邸), Hangzhou Huarui Qinglu (杭州華瑞晴廬) and Shenyang Fuyun Huadu (瀋陽富雲花都) through public bidding.

We also participated in government procurement, including tenders for public construction projects such as hospitals and schools, rail transit, cultural venues and office buildings. During the year 2024, we acquired premium public construction projects, such as Chongqing Yubei People's Hospital (重慶市渝北區人民醫院), Taizhou People's Hospital (泰州市人民醫院), two campuses of Chongqing Medical University (重慶醫科大學), Jilin University Second Hospital (吉林大學第二醫院) and Jiangxi University of Finance and Economics (江西財經大學).

In addition, we have established a "Commercial Division" within the Company to promote more professional and refined long-term development in the field of commercial and corporate services. During the year 2024, we acquired projects such as the Qiantang Base of Leapmotor Automobile in Hangzhou (杭州零跑汽車錢塘基地), the Vipshop Logistics Park in Changsha (唯品會長沙物流園區), and the Taizhou Deppon Logistics Park (台州德邦物流園), as well as multiple projects for corporate headquarters and office parks, such as multiple projects of Geely Automobile Holdings Limited (吉利汽車控股有限公司) in Ningbo, Quzhou, Xiangtan, and Chongqing, and multiple projects of JD.com, Inc. (京東集團股份有限公司) in Wuhan, Wenzhou, Jinan, Xi'an, Dalian, Shanghai, and Shenyang.

Since the implementation of market-oriented expansion, through years of accumulation, the Group has successfully built a solid bidding outreach capabilities. During the year 2024, the saturated revenue of the Company's outreach contracts has increased significantly year-on-year, reaching the best performance in history. We believe that with the Company's constantly improving comprehensive strength and better reputation brand support, through our continuous enhancement of the industry standards and improving the bidding outreach technical means, we will certainly achieve a more robust business growth.

Strategic Mergers and Acquisitions

Strategic mergers and acquisitions have been a crucial part of our historical development process. In terms of mergers and acquisitions, the Group adheres to the principle of “Selects the target carefully before investment; conducts effective management after investment (投前精選標的,投後完善管理)”. Through strategic mergers and acquisitions, we increased our market share in existing markets, expanded our regional business scales, and made up the weaknesses among sectors quickly to enhance our multi-sector services capabilities.

Since the listing (the “**Listing**”) of the Company's ordinary shares (the “**Shares**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), we adhered to the prudent principle for mergers and acquisitions and have acquired companies for different types of properties such as Zhengzhou Jinyi Property Service Co., Ltd.* (鄭州錦藝物業服務有限公司) for residential sector, Qingdao Yayuan Property Management Co., Ltd.* (青島雅園物業管理有限公司) and Shanghai Macalline Property Management Services Co., Ltd.* (上海美凱龍物業管理服務有限公司) for commercial and office space sector, Jiangsu Xiangjiang Property Development Co., Ltd.* (江蘇香江物業發展有限公司) and Beijing Hangteng Property Management Co., Ltd.* (北京航騰物業管理有限責任公司) for public facilities sector, Shandong XinJian Property Development Co., Ltd.* (山東鑫建物業發展有限公司) for logistics park sector, Hunan Meizhong Biophysical Environment Technology Co., Ltd.* (湖南美中環境生態科技有限公司) (“**Meizhong Environment**”) for city sanitation sector and Huaxi Xin'an (Beijing) Property Management Co., Ltd.* (華熙鑫安(北京)物業管理有限公司) for mixed-use complex sector, and all of which have achieved positive post-investment

integration results. However, overall, since 2022, due to the continuous disruption of the external environment and the Company's more prudent risk control requirements, we have significantly reduced the number of mergers and acquisitions. In 2024, we did not make any mergers and acquisitions.

Due to our adherence to the disciplined principles of strategic mergers and acquisitions, all of the projects that we have historically merged and acquired have achieved good integration with us, and have all reached the performance requirement targets, and it is expected that the existing acquired and integrated companies will be able to achieve better business operation and realize better performance contribution in the future.

The table below sets forth the breakdown, by types of property developers, of our total GFA under management as at the dates indicated:

	As at 31 December			
	2024		2023	
	GFA		GFA	
	<i>sq.m. '000</i>	<i>%</i>	<i>sq.m. '000</i>	<i>%</i>
CIFI Group ⁽¹⁾	59,585	23.8	56,277	25.4
Third-party property developers ⁽²⁾	191,057	76.2	165,131	74.6
Total	<u>250,642</u>	<u>100.0</u>	<u>221,408</u>	<u>100.0</u>

Notes:

- (1) Included properties solely developed by CIFI Group and properties jointly developed by CIFI Group and other property developers (CIFI Group held a controlling interest in such properties).
- (2) Referred to properties solely developed by third-party property developers independent from CIFI Group, as well as properties jointly developed by CIFI Group and other property developers (CIFI Group did not hold a controlling interest in such properties).

Strengthening Position as a Comprehensive Property Management Service Provider

We manage a wide range of properties, including residential and non-residential properties. We have accumulated tremendous experience in managing non-residential properties, including office buildings, shopping malls, industrial parks, hospitals and schools etc. Meanwhile, with the further opening up of the non-residential market, we were offered with more opportunities to participate in the tender bidding in such market and expand market share. We seized the emerging market opportunities and entered the sub-sectors in the non-residential market, including headquarters buildings for large enterprises, expressway services stations, subway rail transit, tourist scenic spots and industrial exhibition centers. We treat the acquired projects as a stepping stone to set up benchmarks and continue to achieve penetrative development in local markets, thereby achieving the increase in the concentration in local market. Despite the fact that revenue generated from residential property projects has contributed and will continue to contribute the largest proportion of our property management revenue, we strive to diversify our service portfolio to get more development of refinement and specialization in the non-residential properties. As at 31 December 2024, non-residential properties accounted for approximately 38.2% in our GFA under management.

The table below sets forth a breakdown, by different types of properties as they were developed, of our total GFA under management as at the dates indicated and revenue from property management services generated therefrom for the years ended 31 December 2024 and 2023, respectively:

	As at 31 December or for the year ended 31 December					
	2024			2023		
	GFA	Revenue		GFA	Revenue	
	<i>sq.m. '000</i>	<i>RMB'000</i>	<i>%</i>	<i>sq.m. '000</i>	<i>RMB'000</i>	<i>%</i>
Residential properties	154,912	3,018,694	59.3	151,381	2,569,020	57.6
Non-residential properties	95,730	2,072,734	40.7	70,027	1,894,168	42.4
Total	250,642	5,091,428	100.0	221,408	4,463,188	100.0

Lump Sum Basis and Commission Basis

We generally price our services by taking into account, among others, factors such as the characteristics and locations of the residential communities, our budget, targeted profit margins, property owner and resident profiles and the scope and quality of our services. We charge property management fees primarily on a lump sum basis, with a small portion of which charged on a commission basis.

The following table sets forth a breakdown, by revenue model, of our total GFA under management as at the dates indicated and revenue from property management services for the years ended 31 December 2024 and 2023, respectively:

	As at 31 December or for the year ended 31 December					
	2024			2023		
	GFA	Revenue		GFA	Revenue	
	<i>sq.m. '000</i>	<i>RMB'000</i>	<i>%</i>	<i>sq.m. '000</i>	<i>RMB'000</i>	<i>%</i>
Lump sum basis	247,885	5,088,063	99.9	219,420	4,460,256	99.9
Commission basis	2,757	3,365	0.1	1,988	2,932	0.1
Total	<u>250,642</u>	<u>5,091,428</u>	<u>100.0</u>	<u>221,408</u>	<u>4,463,188</u>	<u>100.0</u>

Community Value-Added Services

During the year ended 31 December 2024, a variety of community value-added services struggled to advance amidst the challenges of a slower-than-expected macroeconomic recovery and a weak property market in the PRC, while we focused more on community value-added services development and gave up some of the businesses with low gross profit margins and poor sustainability. During the year ended 31 December 2024, revenue from community value-added services was approximately RMB862.4 million, representing a decrease of approximately 3.1% as compared with approximately RMB890.3 million for the year ended 31 December 2023.

Promoting rapid development of community value-added services and establishing a value-added service development system is one of the Group's key strategic development directions. We adhered to the concept of “something must be done and some must not be done (有所為、有所不為)” and developed value-added service products suitable for property owners, based on the needs of community property owner so as to boost the revenue generated from community value-added services.

With the expansion of our service scope, we have more mature experience in community value-added services and continue to optimize and upgrade our talent team. We have continued to deepen our research on community scenarios and service target groups, and have been advancing in a number of dimensions, including demand identification, product and service design, channel and supplier selection, and marketing plan development. Although the development of community value-added services has encountered multiple pressures from the macro-economy and faced various challenges, the community value-added services have continued to strive for advancement. In the future, the Group will continue to follow the strategy of promoting the revenue enhancement of community value-added services and continuously improve the quality of services to achieve more sustainable development.

We believe that there are various reasons that have caused the current development of community value-added services to enter a bottleneck period. However, by continuously grasping the service needs of high-quality customers, enhancing service loyalty, innovatively transforming products into services, and making persistent efforts, we will still be able to witness a thriving development of community value-added services.

Currently, our community value-added services cover four major areas, namely home-living services, parking unit management and leasing services, property agency services, and common area value-added services. The following table sets forth the breakdown of revenue from our community value-added services for the years ended 31 December 2024 and 2023, respectively:

	For the year ended 31 December			
	2024		2023	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Home-living services ⁽¹⁾	486,532	56.4	496,863	55.8
Parking unit management and leasing services ⁽²⁾	136,934	15.9	154,439	17.3
Property agency services ⁽³⁾	146,889	17.0	135,824	15.3
Common area value-added service ⁽⁴⁾	92,040	10.7	103,156	11.6
Total	<u>862,395</u>	<u>100.0</u>	<u>890,282</u>	<u>100.0</u>

Notes:

- (1) This primarily included house delivery-stage renovation services such as house decoration, partial house renovation, turnkey furnishing etc.; mature community services such as on-site maintenance, housekeeping and cleaning, home management, secondary renovation, community group purchasing etc.; and special services such as facilities and equipment repair, maintenance and renovation for communities.
- (2) This primarily included fees received from leasing and management of parking units.
- (3) This primarily included agency sales and agency leasing of residential properties (including storage spaces), shops and parking unit.
- (4) This primarily included service income received from leasing and management of common areas.

Value-Added Services to Non-Property Owners

We provide value-added services to non-property owners, which comprise sales assistance services that primarily include display units management services (the scope of services mainly covers security, cleaning, greening, reception etiquette, and other services for display units), additional tailored services, preliminary planning and design consultancy services, housing repair services, and pre-delivery inspection services. We extend the professional services of property management to the front end of real estate development. Most of these non-property owners are property developers.

During the year ended 31 December 2024, revenue from value-added services to non-property owners decreased by approximately 23.0% to approximately RMB599.1 million as compared with RMB777.6 million for the year ended 31 December 2023, mainly due to the weakened real estate market in China. We have become more cautious in the provision of value-added services to non-property owners and exited from some of the service projects with relatively lower expected returns.

The table below sets forth a breakdown of our revenue generated from our value-added services provided to non-property owners for the years ended 31 December 2024 and 2023, respectively:

	For the year ended 31 December			
	2024		2023	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Sales assistance services	192,842	32.2	224,449	28.8
Additional tailored services	245,115	40.9	339,982	43.7
Preliminary planning and design consultancy services	29,134	4.9	46,316	6.0
Housing repair services	103,346	17.2	122,690	15.8
Pre-delivery inspection services	28,671	4.8	44,120	5.7
Total	<u>599,108</u>	<u>100.0</u>	<u>777,557</u>	<u>100.0</u>

City Services

With the continuous development of social governance and the socialisation of logistic services for the authorities, the Company has gradually expanded from the traditional residential property sector to the non-residential sector and extended to the city services operation level in accordance with the market demand and the development direction of the “big property services (大物業)” strategy. Since 2020, we have gained experiences in urbanization services through strategic cooperation with regional urban investment platforms such as Shanghai Lingang New City Investment & Construction Co., Ltd.* (上海臨港新城投資建設有限公司) and Wuxi Huishan State-owned Investment Holding Group Co., Ltd.* (無錫市惠山國有投資控股集團有限公司). Meanwhile, we have further built up our professional capabilities in city services through the acquisition and integration of Meizhong Environment in 2021.

At the initial stage of the Listing, we launched the Company’s mission “Building Better Lives”. Subsequently, in 2020, we first announced the Company’s vision to “Grow into A Customer-preferred Smart City Service Brand”. After continuous exploration and research, we have positioned the Company’s city services in three directions:

- (i) city municipal services butler: focusing on environmental sanitation and greening, as well as old community renovation services;
- (ii) city asset management assistant: dedicated to the effective management of city idle space and area resource; and
- (iii) city future development partner: participating in the construction of smart cities and becoming an important player in city development.

We have become a property management company covering the business of city services, and will constantly strive to realize the Company’s mission and vision to provide premium smart city services to our customers.

FUTURE OUTLOOK

Since 2024, the PRC government has intensified its macro-adjustment efforts, with a variety of policies working together to overcome various challenges. Looking at the whole year 2024, positive progress has been made in addressing difficulties. However, in the coming period, it is expected that we will continue to face a complex and volatile economic environment. As a property management company, we have always put employee safety first and actively cooperated with the local government in neighbourhood management work to provide property owners with a safe and convenient living environment. Despite economic recovery is slower than expected, we closely monitored market trends, flexibly adjusted our strategies and continued to improve our service quality. In the future, the management will continue to lead the team to fast-track the company's goals and provide excellent property services to our customers, adhering to the philosophy of "Building Better Lives".

Give Priority to High Quality and Steadily Expand our Business Scale and Regional Density

We plan to increase the number of properties under management and GFA, and further optimize our professional marketing team to strategically assess and participate in biddings to acquire more property management business and enhance our service quality. We will increase our business footprint and project density in strategic regions with higher population density and consumption capacity, focusing on 100 cities.

Leveraging on the Group's strong brand, we have also established strategic alliances with property developers and urban construction investment companies to provide property management services for their projects, further penetrate into strategic regions. Moreover, we will focus on managing more non-residential properties, such as hospitals, exhibition centres and industrial parks, to seize the opportunity of service socialization and diversify our portfolio of properties under management.

With the continuous improvement of the Group's capabilities and opportunities arising in the industry, we will also gradually expand the scope of our business and actively layout in areas such as city services to seize opportunities.

Consolidate the Ability to Provide Diverse and High-Quality Services

We plan to further diversify our value-added services to non-property owners by enhancing our capabilities in preliminary planning and design consultancy services, project quality monitoring services, pre-delivery inspection services, housing repair services.

While providing value-added services to property developers, we will enhance full industry chain coverage for property development, sales and management so as to achieve vertical industry extension, and acquire more opportunities to gain property management projects.

Meanwhile, we also plan to provide consultancy services to local property management companies to expand our business scope and enhance our brand awareness.

We will continue diversifying our service offerings to meet the ever-changing needs of our customers and expand our business scope to provide more comprehensive and premium property management solutions.

Community value-added services have always been our strategic focus “to make the platform bigger and stronger, and to make the ecosystem better and more thorough (做大做強平台、做優做透生態)”. We will continue to implement the Business Unit (“BU”) system and operate the specialized business after validation of business logic in an independent manner with more focus, professionalism and talent. We hope to increase our market penetration rate and reach out to the common needs of property owners in a better and broader way.

Continuing to Bring in Talents and Upgrade Organization

We continue to bring in quality young talents to the Group through our “Endless Dynamic (永動力)” campus recruitment programme. With the expansion of our management scale and the upgrading of our service offerings, we are committed to nurturing a team of passionate and talented people who are closely linked to the development of the Company. For senior management, we uphold the strategy of “vacating cage to change bird (騰籠換鳥)”, aiming to build an excellent senior management team with vision and consensus. At the same time, we provide middle-level management with sufficient room for growth and professional training in various businesses. We create a multi-talented and multi-capable organization through layers of screening to stimulate the team’s vitality and creativity.

We will continue to strengthen our talent introduction and organizational upgrading efforts to continuously inject new vitality and momentum into the Company's development. We believe that by continuously optimizing our talent pool, we will be better able to cope with challenges, seize opportunities and achieve long-term prosperity for the Company.

Further Investment in Technologies and Intelligent Operations

We will further invest in technology and smart operations to enhance our quality and operational efficiency. Back in 2019, we established Linjiu Intelligent Technology Co., Ltd.* (霖久智慧科技有限公司), which is committed to digital construction, in order to improve service quality management and enable technology drive the property revolution.

In our future plans, we will invest further in the upgrade of our internal management system, and enhance the utilization of artificial intelligence (AI) and the application of robots in property management work. We will optimize our enterprise resource planning (ERP) information system, office automation system, financial system, human resources system and contract management system, etc. We will also build a big data information sharing platform, comprising management tools such as customer relationship management (CRM) cloud, property management cloud, bill management cloud and parking cloud, to achieve the interconnection of information among property owners, our employees, and business partners. At the same time, we plan to establish a centralized command center to achieve remote control of our operation, conduct data analysis, reduce intermediate logistics and improve management accuracy and efficiency.

We will continue to press forward with the progress towards standardization, centralization, digitalization and automation to ensure the consistent delivery of quality services with minimal human errors and to exercise effective control on operational costs. Through the innovation and application of technology, we will bring smarter and more efficient property management services to our customers and achieve overall progress in the property management services industry.

FINANCIAL REVIEW

Revenue

In 2024, the Group's revenue was approximately RMB6,841.1 million, representing an increase of 4.6% from approximately RMB6,537.4 million in 2023.

Revenue of the Group by business line for the years indicated is as follows:

	For the year ended 31 December			
	2024		2023	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Property management services	5,091,428	74.4	4,463,188	68.2
Community value-added services	862,395	12.6	890,282	13.6
Value-added services to non-property owners	599,108	8.8	777,557	11.9
City services	286,114	4.1	405,953	6.2
Others	2,090	0.1	443	0.1
Total revenue	<u>6,841,135</u>	<u>100.0</u>	<u>6,537,423</u>	<u>100.0</u>

The revenue generated from property management services was our largest source of revenue. During 2024, the revenue from property management services was approximately RMB5,091.4 million, accounting for 74.4% of the Group's total revenue. The increase in revenue from property management services from approximately RMB4,463.2 million for 2023 to approximately RMB5,091.4 million was primarily driven by our steady cooperation with CIFI Group and our continuous efforts to expand third-party customer base. The following table sets out the Group's revenue derived from property management services by type of property developer during the years indicated:

	For the year ended 31 December			
	2024		2023	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
CIFI Group ⁽¹⁾	1,466,320	28.8	1,285,865	28.8
Third-party property developers ⁽²⁾	3,625,108	71.2	3,177,323	71.2
Total revenue	<u>5,091,428</u>	<u>100.0</u>	<u>4,463,188</u>	<u>100.0</u>

Notes:

- (1) Included properties solely developed by CIFI Group and properties that CIFI Group jointly developed with other property developers in which CIFI Group held a controlling interest.
- (2) Referred to properties solely developed by third-party property developers independent from CIFI Group, as well as properties jointly developed by CIFI Group and other property developers in which CIFI Group did not hold a controlling interest.

The revenue from community value-added services decreased from approximately RMB890.3 million for 2023 to approximately RMB862.4 million for 2024, representing a decrease of 3.1%. During the year ended 31 December 2024, we optimized the community value-added services business and gave up some low-margin business, which led to the decrease in revenue during 2024.

The revenue from value-added services to non-property owners decreased by approximately 23.0% from approximately RMB777.6 million for 2023 to approximately RMB599.1 million for 2024. Such decrease was mainly due to a weakened real estate industry in the PRC.

During the year ended 31 December 2024, the revenue generated from city services was approximately RMB286.1 million, representing a decrease from RMB406.0 million for the year ended 31 December 2023, which was mainly caused by our strategy of reallocating the resources and withdrawing from some less profitable engagements to improve the efficiency.

Cost of Services

Cost of services increased by approximately 3.9% from approximately RMB5,284.4 million for 2023 to approximately RMB5,492.5 million for 2024, primarily due to the increase of various kinds of costs as a result of the scale-up of our business in pursuit of higher quality services during the year ended 31 December 2024. We will continue to conduct effective cost control measures to improve our operation efficiency.

Gross profit

As a result of the above principal factors, the Group's gross profit increased by approximately 7.6% from approximately RMB1,253.0 million for 2023 to approximately RMB1,348.7 million for 2024.

Gross profit margin of the Group for major business lines for the years indicated was as follows:

	For the year ended	
	31 December	
	2024	2023
Property management services	19.3%	18.8%
Community value-added services	34.7%	31.3%
Value-added services to non-property owners	6.4%	13.1%
City services	10.9%	8.4%
Overall	<u>19.7%</u>	<u>19.2%</u>

In 2024, the gross profit margin of the Group was 19.7%, representing an increase of 0.5 percentage points as compared with that of 19.2% for 2023, which was primarily due to the increase in gross profit margin of our property management services.

The gross profit margin of property management services was 19.3% for the year ended 31 December 2024, increased from that of 18.8% for 2023, which was primarily due to our continuous project portfolio optimization and efficiency improvement.

The gross profit margin of community value-added services was 34.7% for the year ended 31 December 2024, increased from that of 31.3% for 2023, which was mainly because we gave up some low-margin business during the year ended 31 December 2024.

The gross profit margin of value-added services to non-property owners was 6.4% for the year ended 31 December 2024, decreased from that of 13.1% for 2023, which was mainly due to the weak condition of China's property development market during the year ended 31 December 2024 resulting in a decrease in demand for value-added services.

The gross profit margin of city services was 10.9% for the year ended 31 December 2024, increased from that of 8.4% for 2023, which was mainly due to the decrease of low-margin projects during the year ended 31 December 2024.

Other income and other gains and losses

In 2024, the Group's other income and other gains and losses recorded a net gain of approximately RMB16.2 million, representing a decrease of approximately 70.2% from approximately RMB54.3 million for 2023, primarily due to the decrease of government grants and the loss from fair value changes of investment properties suffered during the year ended 31 December 2024.

Administrative and selling expenses

In 2024, the Group's total administrative and selling expenses amounted to approximately RMB516.7 million, representing a decrease of approximately 8.8% from approximately RMB566.5 million for 2023, which was mainly due to our continuous cost control. The Group attached great importance to improving management efficiency. During the year ended 31 December 2024, the growth rate of the Group's administrative and selling expenses was much lower than that of the Group's revenue.

Other expenses

During the year ended 31 December 2024, the Group recorded other expenses of approximately RMB11.3 million, representing an increase from approximately RMB8.1 million for 2023. Such increase was mainly due to the increase in provisions for contingent liability and litigation expenses during the year ended 31 December 2024 due to the volatile economic environment.

Profit before taxation

During the year ended 31 December 2024, the profit before income tax was approximately RMB759.5 million, representing an increase of approximately 11.6% as compared with approximately RMB680.7 million for 2023.

Income tax expense

During the year ended 31 December 2024, the Group's income tax was approximately RMB168.1 million, representing approximately 22.1% of the profit before income tax expense in 2024, while the income tax was approximately RMB150.8 million, representing approximately 22.1% of the profit before income tax expense in 2023.

Profit attributable to owners of the Company

The profit attributable to owners of the Company for 2024 was approximately RMB478.0 million, representing an increase of approximately 10.0% as compared with approximately RMB434.5 million for 2023.

Property, plant and equipment

Property, plant and equipment of the Group mainly consisted of buildings, leasehold improvements, computer equipment, transportation equipment, as well as other fixed assets. As at 31 December 2024, the Group's property, plant and equipment amounted to approximately RMB96.8 million, representing a decrease from approximately RMB123.4 million as at 31 December 2023, which was mainly caused by the depreciation during the year ended 31 December 2024.

Investment properties

Our investment properties mainly comprised buildings, parking spaces and storage rooms at the properties we owned. As at 31 December 2024, the Group's investment properties amounted to approximately RMB549.1 million, representing a decrease from approximately RMB558.5 million as at 31 December 2023, which was mainly caused by the changes in fair value of the investment properties during the year ended 31 December 2024.

Intangible assets

The Group's intangible assets mainly comprised property management contracts and customer relationship attributable to acquired companies, and information technology systems. As at 31 December 2024, the Group's intangible assets amounted to approximately RMB297.6 million, representing a decrease from approximately RMB318.5 million as at 31 December 2023, which was mainly caused by the amortization of intangible assets during the year ended 31 December 2024.

Goodwill

As at 31 December 2024, the Group's goodwill amounted to approximately RMB1,488.2 million, remain the same as compared with that as at 31 December 2023.

Trade and bill receivables

Our trade and bill receivables mainly arose from property management services income under a lump sum basis, value-added services to non-property owners and city services. As at 31 December 2024, trade and bills receivables of the Group amounted to approximately RMB2,445.0 million, representing an increase from approximately RMB2,181.5 million as at 31 December 2023. Such increase was mainly due to the increase of our revenue and the slow down of recovery of receivables because of the downward market situation of the real estate industry in the PRC during the year ended 31 December 2024. The Group has increased the provision for credit losses after prudently considering the market environment and collection performance. The Group also closely communicates with clients and endeavors to accelerate the recovery of receivables.

Prepayments and other receivables

Our prepayments and other receivables mainly consisted of payments made on behalf of our residents such as payments for the utility bills and public facility maintenance fund, as well as security deposits with local authorities for providing property management services per local law requirements, bidding deposits in relation to the public biddings, deposits for exclusive sales representative agreements to secure the sales fund recovery of car parks, residential properties (including storage spaces) and retail shops, and prepayments to vendors. As at 31 December 2024, our prepayments and other receivables amounted to approximately RMB1,193.3 million, representing a decrease from approximately RMB1,284.3 million as at 31 December 2023, which was mainly due to the decrease of deposits for exclusive sales representative agreement during the year ended 31 December 2024.

Financial assets at FVTPL

Financial assets at FVTPL mainly include investments in a listed entity and investments in several closed-end funds. As at 31 December 2024, the balance of financial assets at FVTPL of the Group amounted to approximately RMB281.0 million, representing a decrease from RMB366.9 million as at 31 December 2023. Such decrease was mainly caused by disposal of financial assets at FVTPL during the year ended 31 December 2024 and the fluctuation in fair value of the financial assets during the year ended 31 December 2024.

Cash and cash equivalents

As at 31 December 2024, the Group's cash and cash equivalents were approximately RMB2,617.8 million, representing an increase from approximately RMB2,341.5 million as at 31 December 2023, which was mainly contributed by the net cash inflow from operating activities during the year ended 31 December 2024.

Trade and bills payables

As at 31 December 2024, trade payables of the Group amounted to approximately RMB1,307.5 million, representing an increase from approximately RMB1,150.3 million as at 31 December 2023, which was mainly a result of the increase in sub-contracting cost due to expansion of our business and we continued to sub-contract certain services to third-parties to optimize our operations during the year ended 31 December 2024.

Accruals and other payables

As at 31 December 2024, our accruals and other payables was approximately RMB1,324.0 million, representing a slight decrease from approximately RMB1,344.8 million as at 31 December 2023.

Contract liabilities

Contract liabilities of the Group were fees paid by customers in advance for the services which had not been provided and had not been recognized as revenue. As at 31 December 2024, our contract liabilities amounted to approximately RMB940.1 million, representing an increase from approximately RMB870.3 million as at 31 December 2023, which was primarily due to the increase in our customer base during the year ended 31 December 2024.

Cash flows

During the year ended 31 December 2024, net cash inflow from operating activities of the Group amounted to approximately RMB684.8 million, representing a decrease from approximately RMB913.1 million for 2023, which was mainly due to the increase of trade and bills receivables during the year ended 31 December 2024.

During the year ended 31 December 2024, net cash inflow from investing activities amounted to approximately RMB38.8 million, representing a decrease from approximately RMB120.8 million for 2023, which was mainly caused by the decrease in refund of prepayment for purchases of financial assets at FVTPL during the year ended 31 December 2024.

Net cash outflow from financing activities amounted to approximately RMB444.3 million for the year ended 31 December 2024, representing an increase from that of approximately RMB223.8 million for 2023. The higher cash outflow from financing activities was mainly due to the increase in dividends payment by the Company during the year ended 31 December 2024.

Gearing ratio and the basis of calculation

As at 31 December 2024, the gearing ratio of the Group was 0.66% (31 December 2023: 0.86%). The gearing ratio is equal to the sum of long-term and short-term interest-bearing borrowings divided by total equity.

Capital expenditure

During the year ended 31 December 2024, capital expenditure of the Group amounted to approximately RMB49.4 million (2023: RMB51.2 million). The capital expenditure was mainly used to invest in information technology systems and software as well as transportation equipment for business operation during the year ended 31 December 2024.

Capital structure

As at 31 December 2024, the Group's cash and bank balances were held in Renminbi, Hong Kong dollar and US dollar, and the Group's borrowings of RMB35.5 million were denominated in Renminbi at fixed interest rates.

As at 31 December 2024, equity attributable to owners of the Company amounted to approximately RMB5,001.1 million, as compared to approximately RMB4,873.1 million as at 31 December 2023.

Financial position of the Group remained stable. As at 31 December 2024, the Group's net current assets was approximately RMB2,222.4 million (31 December 2023: RMB1,945.8 million), while the current ratio (current assets/current liabilities) of the Group was approximately 1.6 (31 December 2023: 1.6).

Liquidity and financial resources

During the year ended 31 December 2024, the Group's principal use of cash was working capital, which was mainly funded from cash flow from operations. In the foreseeable future, we expect cash flow from operations will continue to be our principal source of liquidity and we may use a portion of the proceeds from the initial public offering of the Company ("IPO") and our other fundraising activities conducted to finance some of our capital expenditures and in accordance with the purposes for the use of proceeds as disclosed in the prospectus of the Company dated 4 December 2018 (the "**Prospectus**") and relevant announcements.

As at 31 December 2024, the Group's borrowings were RMB35.5 million (31 December 2023: RMB45.0 million). Except as disclosed herein and apart from intra-group liabilities, we did not have any outstanding loan capital, bank overdrafts and liabilities, or other similar indebtedness, debentures, mortgages, charges or loans as at 31 December 2024.

Pledging of assets

As at 31 December 2024, the Group had pledged property, plant and equipment with carrying amounts of approximately RMB12.2 million (31 December 2023: RMB25.5 million) to secure the balance of borrowings of approximately RMB4.0 million as at 31 December 2024.

Contingent liabilities

As at 31 December 2024, the Group had no material contingent liabilities which have not been properly accrued for. The Group is involved in certain legal claims that have arisen during our usual and ordinary course of business. Having considered relevant legal advice and made best estimation in respect of the liability, the Group does not expect that such legal claims will incur any material adverse effect on our business, financial condition or operating results.

Significant Investments Held

As at 31 December 2024, the Group did not hold any significant investment.

Material acquisitions and disposal of subsidiaries, associates and joint ventures

The Group did not have any material acquisition and disposal of subsidiaries, associates or joint ventures during the year ended 31 December 2024.

Interest rate risk

As the Group has no significant interest-bearing assets and liabilities other than bank deposits and borrowings, the Group's exposure to the interest rate risk is limited to the market risk for changes in interest rates which relates primarily to bank balances and borrowings that bear floating interest rates. Our management monitors the interest rate risk and takes prudent measures to reduce the interest rate risk.

Foreign exchange risk

The principal activities of the Group are conducted in China, and a majority of the Group's income and expenses were denominated in Renminbi. Certain bank balances were denominated in Hong Kong dollars and US dollars. Currently, the Group has not entered into contracts to hedge its exposure to foreign exchange risk, but the management will continue to monitor the foreign exchange exposure, and take prudent measures to reduce the foreign exchange risk.

Employment and remuneration policy

The Group adopts remuneration policies similar to its peers in the industry. The remuneration payable to our staff is fixed by reference to the duties and the prevailing market rates in the region. Discretionary performance bonus after assessments is paid to employees to reward their contributions. In compliance with the applicable statutory requirements in the PRC and existing requirements of the local government, the Group has participated in different social welfare plans for our employees.

As at 31 December 2024, the Group had 24,605 employees (31 December 2023: 25,734 employees).

Use of proceed raised from IPO

On 17 December 2018, the Shares were successfully listed on the Stock Exchange. Our IPO was well received by investors in both the international offering and the Hong Kong public offering. The Company raised net proceeds of (i) approximately HK\$619.8 million from the IPO, and (ii) approximately HK\$63.2 million from partial exercise of an over-allotment option on 4 January 2019 (collectively, the “**Net Proceeds**”).

As stated in the Prospectus, we intended to use (i) approximately 55%, or approximately HK\$375.6 million for strategic acquisition and investment opportunities; (ii) approximately 26%, or approximately HK\$177.6 million for building up a smart community and using the most updated internet and information technologies which would improve service quality for our customers; (iii) approximately 9%, or approximately HK\$61.5 million for the development of a one-stop service community platform and our “Joy Life” online service platform; and (iv) approximately 10%, or approximately HK\$68.3 million as for our general corporate purposes and working capital.

Further, as stated in the announcement of the Company dated 18 June 2019, the Board resolved to change the proposed use of the Net Proceeds. The unutilised Net Proceeds originally allocated for (i) acquiring property management services providers that provide community products and services complementary to our own, and (ii) for investing in property management industry funds jointly with business parties will be used for acquiring or investment in quality property management service providers that operate on a regional scale. For further details of the change in the proposed use of the Net Proceeds, please refer to the announcement of the Company dated 18 June 2019.

As at 31 December 2024, our planned use and actual use of the Net Proceeds was as follows:

	Percentage of Net Proceeds	Allocation of Net Proceeds (HK\$ million)	Net Proceeds			Unutilised (as at 31 December 2024) (HK\$ million)	Expected timeline for the unutilised Net Proceeds
			Unutilised (as at 1 January 2024) (HK\$ million)	Utilised during 2024 (HK\$ million)	Utilised (up to 31 December 2024) (HK\$ million)		
To pursue strategic acquisition and investment opportunities	55%	375.6	—	—	375.6	—	N/A
To leverage the most updated internet and information technologies and build a smart community	26%	177.6	—	—	177.6	—	N/A
To develop a one-stop service community platform and our “Joy Life” (悦生活) online service platform	9%	61.5	51.3	20.3	30.5	31.0	By 31 December 2025
For general corporate purposes and working capital	10%	68.3	—	—	68.3	—	N/A
	<u>100%</u>	<u>683.0</u>	<u>51.3</u>	<u>20.3</u>	<u>652.0</u>	<u>31.0</u>	

The remaining Net Proceeds which had not been utilized were deposited with licensed financial institution in Hong Kong and mainland China. The Company will continue to evaluate and adopt a prudent and flexible approach for utilising the net proceeds effectively and efficiently for the long-term benefit and development of the Group. The expected timeline for the unutilised Net Proceeds is based on the Directors’ best estimation barring unforeseen circumstances, and would be subject to change based on the future development of the Group’s business and the market conditions.

2020 Placing and 2020 Subscription

On 4 June 2020, the Company, Elite Force Development Limited and three placing agents entered into a placing and subscription agreement (the “**2020 Placing and Subscription Agreement**”), pursuant to which, (a) Elite Force Development Limited has agreed to appoint these placing agents, and these placing agents have agreed to act as agents of Elite Force Development Limited on a several basis to procure purchasers, on a best effort basis, to purchase a total of 134,000,000 existing Shares at the placing price of HK\$11.78 per Share (the “**2020 Placing Price**”) (the “**2020 Placing**”); and (b) Elite Force Development Limited has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue to Elite Force Development Limited, a total of 134,000,000 new Shares at the subscription price of HK\$11.78 per Share (being the same as the 2020 Placing Price) (the “**2020 Subscription**”).

The 2020 Placing Price of HK\$11.78 per Share and represented (i) a discount of approximately 6.95% to the closing price of HK\$12.66 per Share as quoted on the Stock Exchange on 3 June 2020, being the last trading day prior to the signing of the 2020 Placing and Subscription Agreement (the “**2020 Last Trading Day**”); (ii) a discount of approximately 3.63% to the average closing price of HK\$12.22 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days prior to and including the 2020 Last Trading Day; and (iii) a discount of approximately 0.61% to the average closing price of HK\$11.85 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days prior to and including the 2020 Last Trading Day.

Completion of the 2020 Placing and the 2020 Subscription took place on 8 June 2020 and 16 June 2020, respectively. A total of 134,000,000 existing Shares have been successfully placed at the 2020 Placing Price of HK\$11.78 per Share to no less than six (6) independent places, and a total of 134,000,000 new Shares (equal to the number of the existing Shares successfully placed under the 2020 Placing) were subscribed by Elite Force Development Limited at the subscription price of HK\$11.78 per Share.

The Company received net proceeds from the 2020 Subscription (after deducting all relevant fees, costs and expenses to be borne or incurred by the Company) of approximately HK\$1,564,476,000 and intended to use the net proceeds from the 2020 Subscription for possible business development or investments in the future when opportunities arise and as working capital and general corporate purposes. Details of the planned use and actual use of net proceeds from the 2020 Subscription was as follows:

	Percentage of net proceeds	Allocation of net proceeds (HK\$ million)	Net proceeds from the 2020 Subscription			Unutilised (as at 31 December 2024) (HK\$ million)	Expected timeline for the unutilised net proceeds
			Unutilised (as at 1 January 2024) (HK\$ million)	Utilised during 2024 (HK\$ million)	Utilised (up to 31 December 2024) (HK\$ million)		
Strategic acquisition and investment opportunities	80%	1,251.6	—	—	1,251.6	—	N/A
Information technology related development	5%	78.2	60.8	24.0	41.4	36.8	By 31 December 2025
Working capital and general corporate purposes	15%	234.7	—	—	234.7	—	N/A
	<u>100%</u>	<u>1,564.5</u>	<u>60.8</u>	<u>24.0</u>	<u>1,527.7</u>	<u>36.8</u>	

2021 Placing and 2021 Subscription

On 23 October 2021, the Company, Elite Force Development Limited and two placing agents entered into a placing and subscription agreement (the “**2021 Placing and Subscription Agreement**”), pursuant to which, (a) Elite Force Development Limited has agreed to appoint these placing agents, and these placing agents have agreed to act as agents of Elite Force Development Limited on a several (but not joint nor joint and several) basis to procure purchasers, on a best effort basis, to purchase a total of 83,520,000 existing Shares at the placing price of HK\$15.76 per share (the “**2021 Placing Price**”) (the “**2021 Placing**”); and (b) Elite Force Development Limited has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue to Elite Force Development Limited, a total of 83,520,000 new Shares at the subscription price of HK\$15.76 per share (being the same as the 2021 Placing Price) (the “**2021 Subscription**”).

The 2021 Placing Price was HK\$15.76 per Share and represented (i) a discount of approximately 8.80% to the closing price of HK\$17.28 per Share as quoted on the Stock Exchange on 22 October 2021, being the last trading day prior to the signing of the 2021 Placing and Subscription Agreement (the “**2021 Last Trading Day**”); (ii) a discount of approximately 4.67% to the average closing price of HK\$16.53 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days prior to and including the 2021 Last Trading Day; and (iii) a discount of approximately 2.60% to the average closing price of HK\$16.18 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days prior to and including the 2021 Last Trading Day.

Completion of the 2021 Placing and the 2021 Subscription took place on 27 October 2021 and 1 November 2021, respectively. A total of 83,520,000 existing Shares have been successfully placed at the 2021 Placing Price of HK\$15.76 per Share to no less than six (6) independent placees, and a total of 83,520,000 new Shares (equal to the number of the existing Shares successfully placed under the 2021 Placing) were subscribed by Elite Force Development Limited at the subscription price of HK\$15.76 per Share.

The Company received net proceeds from the 2021 Subscription (after deducting all relevant fees, costs and expenses to be borne or incurred by the Company) of approximately HK\$1,304,000,000 and intended to use the net proceeds from the 2021 Subscription for possible business development or investments in the future when opportunities arise and as working capital and general corporate purposes.

Further, as stated in the announcement of the Company dated 27 March 2024 (the “**27 Mar Announcement**”), the Board resolved to change the use of the net proceeds from the 2021 Subscription such that the entire amount of the unutilized net proceeds of approximately HK\$796.5 million under “strategic acquisition and investment opportunities” will be re-allocated for “working capital and general corporate purposes” due to the downturn in the real estate industry in the PRC and the shift in expansion strategy in the property management industry from expansion through merger and acquisitions to expansion through organic growth. For further details of the change in the proposed use of the net proceeds from the 2021 Subscription, please refer to the 27 Mar Announcement.

As at 31 December 2024, all the remaining net proceeds have been utilised. Details of the planned use and actual use of net proceeds from the 2021 Subscription was as follows:

	Net proceeds from the 2021 Subscription							Expected timeline for the unutilised net proceeds
	Percentage of net proceeds	Allocation of net proceeds <i>(HK\$ million)</i>	Unutilised (as at 1 January 2024) <i>(HK\$ million)</i>	Re-allocation as per the 27 Mar Announcement <i>(HK\$ million)</i>	Utilised during 2024 <i>(HK\$ million)</i>	Utilised (up to 31 December 2024) <i>(HK\$ million)</i>	Unutilised (as at 31 December 2024) <i>(HK\$ million)</i>	
Strategic acquisition and investment opportunities	65%	847.6	796.5	—	—	51.1	—	N/A
Working capital and general corporate purposes	35%	456.4	—	796.5	796.5	1,252.9	—	N/A ⁽¹⁾
	<u>100%</u>	<u>1,304.0</u>	<u>796.5</u>	<u>796.5</u>	<u>796.5</u>	<u>1,304.0</u>	<u>—</u>	

Note:

- (1) The actual timeline of utilisation was expedited as compared to the timeline set out in the 27 Mar Announcement due to our business expansion during the year ended 31 December 2024.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK\$0.0668 per Share for the year ended 31 December 2024. The final dividend is subject to the approval of the shareholders of the Company (the “**Shareholder(s)**”) at the forthcoming annual general meeting of the Company to be convened and held on 22 May 2025 (the “**AGM**”) and, subject to the approval by the Shareholders at the AGM, is expected to be paid on 6 June 2025 to the Shareholders whose names appear on the register of members of the Company after the close of business on 30 May 2025.

Subject to the approval by the Shareholders of the proposed final dividend for the year ended 31 December 2024, the total dividend for the full year of 2024 will achieve HK\$0.1843 per Share. The Company will endeavor to maintain a dividend payout ratio of no less than 50% in the next two years.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the year ended 31 December 2024, the Company has applied the principles of good corporate governance and complied with the code provisions as set out in the Corporate Governance Code as contained in Part 2 of Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as its code of conduct regarding Directors’ securities transactions. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code during the year ended 31 December 2024.

AUDIT COMMITTEE

The Audit Committee consists of three independent non-executive Directors, namely Mr. Ma Yongyi, Mr. Yu Tiecheng and Mr. Cheung Wai Chung. Mr. Cheung Wai Chung, who holds the appropriate professional qualifications as required under Rule 3.10(2) and Rule 3.21 of the Listing Rules, serves as the chairman of the Audit Committee. The Audit Committee has reviewed the final results of the Group for the year ended 31 December 2024 as well as the audit report prepared by the external auditor relating to accounting issues and major findings in the course of audit.

SCOPE OF WORK OF PRISM HONG KONG 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 auditors, Prism Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2024. The work performed by Prism Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Prism Hong Kong Limited on this announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Pursuant to an ordinary resolution passed by the Shareholders at the annual general meeting of the Company convened and held on 20 November 2023, the Directors were granted a general mandate to exercise the power of the Company to buy back up to 174,922,000 Shares, representing 10% of the total number of Shares in issue as at 20 November 2023 (the "**2023 Buy-back Mandate**"). Pursuant to an ordinary resolution passed by the Shareholders at the annual general meeting of the Company convened and held on 6 June 2024, the Directors were granted a general mandate to exercise the power of the Company to buy back up to 174,922,000 Shares, representing 10% of the total number of Shares in issue as at 6 June 2024 (the "**2024 Buy-back Mandate**"). During the year ended 31 December 2024, pursuant to the 2023 Buy-back Mandate and the 2024 Buy-back Mandate, the Company bought back an aggregate of 15,324,000 Shares on the Stock Exchange at a total consideration of approximately HK\$22,665,910, exclusive of commissions and other expenses.

Details of the Share buy-backs during the year ended 31 December 2024 were as follows:

Date of buy-back	Number of Shares bought back	Consideration per Share		Total
		Highest	Lowest	consideration
		price paid	price paid	paid for
		<i>HK\$</i>	<i>HK\$</i>	the buy-back
		<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
2 January 2024	300,000	1.40	1.40	420,000
3 January 2024	300,000	1.40	1.40	420,000
4 January 2024	300,000	1.33	1.33	399,000
5 January 2024	300,000	1.32	1.32	396,000
8 January 2024	300,000	1.25	1.25	375,000
9 January 2024	300,000	1.26	1.26	378,000
10 January 2024	300,000	1.23	1.23	369,000
11 January 2024	300,000	1.27	1.26	380,180
12 January 2024	300,000	1.26	1.26	378,000
15 January 2024	48,000	1.24	1.24	59,520
16 January 2024	300,000	1.24	1.24	372,000
17 January 2024	300,000	1.17	1.17	351,000
18 January 2024	300,000	1.09	1.09	327,000
19 January 2024	300,000	1.10	1.10	330,000
22 January 2024	300,000	1.07	1.07	321,000
23 January 2024	300,000	1.11	1.10	331,600
28 March 2024	300,000	1.29	1.28	386,260
8 April 2024	300,000	1.37	1.37	411,000
9 April 2024	300,000	1.36	1.35	406,680
10 April 2024	300,000	1.43	1.42	428,280
11 April 2024	300,000	1.42	1.42	426,000
12 April 2024	300,000	1.36	1.36	408,000
15 April 2024	300,000	1.34	1.34	402,000
16 April 2024	300,000	1.35	1.32	402,880
17 April 2024	300,000	1.33	1.33	399,000
18 April 2024	300,000	1.32	1.32	396,000
19 April 2024	300,000	1.28	1.28	384,000

Date of buy-back	Number of Shares bought back	Consideration per Share		Total consideration
		Highest price paid	Lowest price paid	paid for the buy-back
		<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
22 April 2024	300,000	1.32	1.32	396,000
23 April 2024	300,000	1.39	1.37	414,510
6 May 2024	300,000	1.84	1.82	549,800
7 May 2024	300,000	1.86	1.85	557,920
8 May 2024	300,000	1.79	1.79	537,000
30 May 2024	300,000	1.74	1.74	522,000
31 May 2024	300,000	1.77	1.77	531,000
3 June 2024	300,000	1.73	1.73	519,000
4 June 2024	300,000	1.76	1.76	528,000
5 June 2024	300,000	1.78	1.78	534,000
6 June 2024	300,000	1.80	1.78	537,900
7 June 2024	102,000	1.82	1.81	185,540
11 June 2024	300,000	1.73	1.70	514,400
12 June 2024	300,000	1.77	1.75	528,400
13 June 2024	300,000	1.74	1.68	511,860
14 June 2024	300,000	1.77	1.76	530,840
17 June 2024	300,000	1.74	1.68	509,900
18 June 2024	300,000	1.67	1.66	500,700
19 June 2024	300,000	1.67	1.63	498,140
20 June 2024	300,000	1.67	1.60	490,200
21 June 2024	300,000	1.62	1.59	482,600
24 June 2024	300,000	1.59	1.54	469,560
25 June 2024	300,000	1.65	1.59	486,800
26 June 2024	174,000	1.69	1.65	293,780
27 June 2024	300,000	1.63	1.60	485,700
3 July 2024	300,000	1.66	1.58	492,960
Total	15,324,000			22,665,910

The Shares bought back by the Company during the year ended 31 December 2024 have all been cancelled on 19 July 2024.

The Board believed that the Shares were trading at a price level which does not fully reflect the underlying value of the Company. As such, depending on the market conditions and the Company's actual needs at the relevant time, the Board made such repurchases. The Board also believed that the repurchase of Shares would demonstrate the Company's confidence in its long-term business prospects, which would in turn benefit the Company and will also be in the interest of the Company and the Shareholders as a whole.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities (including sale of treasury shares) of the Company during the year ended 31 December 2024. As at 31 December 2024, the Company did not hold any treasury shares.

EVENT AFTER THE REPORTING PERIOD

No event has taken place subsequent to 31 December 2024 and up to the date of this announcement that may have a material impact on the Group's operating and financial performance that needs to be disclosed.

ANNUAL GENERAL MEETING

The AGM will be convened and held on 22 May 2025, the notice of which will be published on the Company's website and the Stock Exchange's website and despatched to the Shareholders (if requested) as soon as practicable in accordance with the articles of association of the Company and the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods:

- (i) from 19 May 2025 to 22 May 2025, both days inclusive and during which period no transfer of the Shares will be effected, for the purpose of ascertaining Shareholders' entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 pm on 16 May 2025; and
- (ii) from 28 May 2025 to 30 May 2025, both days inclusive and during which period no transfer of the Shares will be effected, for the purpose of ascertaining Shareholders' entitlement to the proposed final dividend. In order to establish entitlements to the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 pm on 27 May 2025.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2024, containing all the information required under the Listing Rules, will be despatched to the Shareholders (if requested) and published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.ysservice.com.cn in due course. This announcement can also be accessed on above websites.

APPRECIATION

On behalf of the Board, I would like to extend our sincere thanks to our customers, suppliers and Shareholders for their continuous support to the Group. I would also extend my gratitude and appreciation to all management and staff for their hard work and dedication throughout the year.

By order of the Board
Ever Sunshine Services Group Limited
LIN Zhong
Chairman

Hong Kong, 28 March 2025

As at the date of this announcement, the executive Directors are Mr. LIN Zhong, Mr. ZHOU Hongbin and Mr. ZHOU Di; the non-executive Director is Ms. CUI Xiaoqing; and the independent non-executive Directors are Mr. MA Yongyi, Mr. YU Tiecheng and Mr. CHEUNG Wai Chung.

* *For identification purpose only*