

# 2024 中期報告

INTERIM REPORT

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

(於開曼群島註冊成立的有限責任公司)  
(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)

STOCK CODE 股份代號：01516.HK



# SUNAC SERVICES HOLDINGS LIMITED

## 融創服務控股有限公司

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

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

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

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



# CONTENTS

	2
Corporate Information	
	4
Chairman's Statement	
	8
Management Discussion and Analysis	
	16
Corporate Governance and Other Information	
	28
Report on Review of Interim Financial Information	
	29
Interim Condensed Consolidated Statement of Comprehensive Income	
	30
Interim Condensed Consolidated Statement of Financial Position	
	32
Interim Condensed Consolidated Statement of Changes in Equity	
	34
Interim Condensed Consolidated Statement of Cash Flows	
	36
Notes to the Condensed Consolidated Interim Financial Information	

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Mr. Wang Mengde

### EXECUTIVE DIRECTORS

Ms. Cao Hongling (*Chief Executive Officer*)

Ms. Yang Man

### NON-EXECUTIVE DIRECTORS

Mr. Lu Peng

Mr. Gao Xi

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Wang Lihong

Mr. Yao Ning

Mr. Zhao Zhonghua

## AUDIT COMMITTEE

Mr. Yao Ning (*Chairperson*)

Ms. Wang Lihong

Mr. Zhao Zhonghua

## REMUNERATION COMMITTEE

Ms. Wang Lihong (*Chairperson*)

Ms. Cao Hongling

Mr. Yao Ning

Mr. Zhao Zhonghua

## NOMINATION COMMITTEE

Mr. Wang Mengde (*Chairperson*)

Ms. Wang Lihong

Mr. Yao Ning

Mr. Zhao Zhonghua

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Ms. Cao Hongling (*Chairperson*)

Ms. Yang Man

Ms. Wang Lihong

Mr. Yao Ning

Mr. Zhao Zhonghua

## COMPANY SECRETARY

Mr. Zhang Xiaoming

## AUTHORISED REPRESENTATIVES

Ms. Yang Man

Mr. Zhang Xiaoming

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Tower Two, Times Square

1 Matheson Street

Causeway Bay

Hong Kong

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

25th Floor, Block O1A

Sunac Center

No. 278 Hongqi Road

Nankai District

Tianjin

PRC

## REGISTERED OFFICE

Intertrust Corporate Services (Cayman) Limited

One Nexus Way

Camana Bay

Grand Cayman, KY1-9005

Cayman Islands

# CORPORATE INFORMATION

## CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

## HONG KONG BRANCH SHARE REGISTRAR

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

## LEGAL ADVISER

Sidley Austin

## AUDITOR

PricewaterhouseCoopers  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*

## PRINCIPAL BANKERS

Industrial and Commercial Bank of China  
China Construction Bank

## STOCK CODE

HKSE: 01516

## COMPANY'S WEBSITE

[www.sunacservice.com](http://www.sunacservice.com)

# CHAIRMAN'S STATEMENT

## Dear Shareholders,

I am pleased to present to you the business review of the Company for the first half of 2024 and the business outlook for the second half of 2024.

## REVIEW OF THE FIRST HALF OF 2024

In the first half of 2024, changes in the environment brought new challenges to the property management industry. On the one hand, many local governments introduced standardized policies on pricing and safety management; on the other hand, affected by a number of factors such as economical factors, customers' willingness and ability to pay have declined to some extent, but they still maintain certain expectations for service. Under the new situation, the Group built a solid foundation for its operation and development, always placing customers' needs at the forefront, and made steady progress on the path to high-quality development.

In the first half of 2024, the Group's overall performance was stable and positive. For the six months ended 30 June 2024 (the "Period"), the Group achieved revenue of approximately RMB3,484 million and gross profit of approximately RMB888 million, both representing a steady growth year-on-year. During the Period, the Group's various expenses continued to be effectively controlled with the sales and management fee rate recorded a year-on-year decrease of approximately 1.2 percentage points. The core net profit attributable to the owners of the Company<sup>1</sup> amounted to approximately RMB455 million, which remained flat as compared to the same period of last year. In the first half of 2024, the Group continued to effectively manage and reduce the impact from related parties' businesses, and the revenue from related parties marked a year-on-year decrease of approximately 51% while its proportion to total revenue amounted to only approximately 3%. Besides, the gross trade receivables from related parties did not increase further as compared with that as at 31 December 2023. Meanwhile, the Group made further provision for impairment on trade receivables from related parties arising from transactions in previous years. The percentage of impairment made for non-asset-backed guaranteed portion of trade receivables from related parties reached 93% and the balance of non-asset-backed guaranteed portion amounted to only approximately RMB189 million.

As of 30 June 2024, the Group's overall management scale remains stable, with gross floor area ("GFA") under management of approximately 282 million sq.m., the number of property owners under management exceeded 1.6 million, and annualised contract amount from projects under management amounted to approximately RMB6,400 million. Over the years, the Group has consistently adhered to a market strategy focused on and deep-rooted in core cities, with revenue from basic property management services in 40+ core cities accounting for more than 80% of total revenue. In the first half of 2024, the Group achieved an annual contract amount of approximately RMB160 million, primarily in core sectors such as residential, commercial office, industrial parks, hospitals and schools, with 98% located in the Group's strategically positioned 40+ core cities. In terms of customer quality, the Group has continually gained recognition from premium major customers, with the contract values from these major customers increasing by approximately 16% year-on-year.

Note:

- 1: It refers to the core net profit attributable to the owners of the Company, excluding the impairment provision for receivables, share award scheme expenses, unrealised gains and losses on changes in fair value from financial assets at fair value through profit or loss, amortisation expenses of intangible assets (brands, contracts and customer relationships) arising from acquisitions and mergers, gains and losses on changes in fair value of investment properties and goodwill and other intangible assets impairment. On this basis, the core net profit attributable to the owners of the Company for the same period last year was approximately RMB435 million.

## CHAIRMAN'S STATEMENT

High-quality general service laid a solid foundation for the development of the Group. In the first half of 2024, while performing quality management of daily services across four aspects including housekeeping, security, engineering and environment maintenance, the Group has focused on addressing customer needs and enhancing the quality of the residential parks fundamentally. The Group has initiated special projects aimed at renovating facilities and landscaping implementing energy-saving technologies in older projects and those with incomplete deliveries. In terms of investment in project renovations, the Group has not only increased own financial investment but has also established a standardised withdraw mechanism for maintenance funds and public area revenue based on principles of legality, compliance, open and transparency. In our efforts to save energy and reduce consumption, the Group has expanded its use of energy-efficient LED lights and non-negative pressure energy-saving booster pumps, implemented commercial-to-residential metering upgrades for electricity in public areas such as garage in eligible residential projects. In the first half of the year, a total of 93 energy-saving renovation tasks have been completed under the technical and policy energy-saving initiatives. Through professional expertise and financial investment, the Group has further enhanced the quality of on-site projects, promoted customer satisfaction and increased revenue. Additionally, the Group advanced the “i Sunny” community governance initiatives under the framework of party leadership with a focus on community public governance. By establishing a community council mechanism, the Group closely connected the community, residents and property management companies, collaboratively discussing various aspects such as community space development, residential safety, green environments, convenient living circles and public welfare initiatives.

In terms of non-residential business segment, the Group focused on product and system development for core sectors, as well as personalised service requirements for customers in the first half of 2024, undertook initiatives in three areas: framework optimisation, product refinement and service delivery. In terms of optimisation of management structure, the Group established an independent non-residential business structure in core cities to promote more direct, in-depth and professional management services. The Group refined benchmark projects, established operational standards and improved operation management mechanisms for core development sectors, including non-residential offices, industrial parks, schools and hospitals. In response to the personalised service needs of major customers, the Group improved communication channels and established an expert working mechanism for major customer service to address specific customer concerns and provide tailored service solutions.

The Group's living services business identify service categories based on client needs and property management companies' advantages, focusing on core cities and adhering to the fundamental principle of solid and healthy business development. In the first half of 2024, the living service business achieved a gross profit of approximately RMB94.48 million, representing a year-on-year increase of approximately 9%. In respect of property interior decoration services, the revenue from the Group's self-operated business has increased to approximately 76%, and the business model for partial renovation of property inventories in Chongqing was replicated and promoted to 30 projects in Tianjin, Jinan and other cities, resulting in a sales growth of approximately 72% as compared with that of the second half of 2023. In respect of home services, we have increased the penetration rate in core cities where we have been deeply cultivating, with the number of projects with home services increased by approximately 7% year-on-year in nine deeply cultivated cities. In respect of community merchandise sales, we focused on customers' high-frequency and rigid needs, with number of orders for products such as water, milk, rice and oil increasing by approximately 35% year-on-year. In respect of convenient facilities, we have been solidly promoting our self-operation model for drinking fountains and charging stations for non-motor driven vehicles to increase project coverage. Moreover, we stimulated the enthusiasm of our primary service personnel through marketing atmosphere creation, achieved a significant increase in the proportion of distribution sales in community merchandise sales, home services and leasing businesses. Furthermore, following the integration and optimisation of structure and personnel around core cities, as well as further standardisation of supplier management in 2023, the Group's living services business saw a substantial increase in both profit per employee and profit per labor cost<sup>2</sup> in the first half of 2024.

Note:

2: It refers to the ratio of gross profit to labor cost.

## CHAIRMAN'S STATEMENT

The Group's digital technology work has been steadily advancing for years, focusing on business online transformation, digitalisation, and digital business development, helping to achieve dual improvements in service quality and management in terms of experience and efficiency. From 2021 to 2022, we achieved the commissioning and application of a number of systems, such as Ronghui remote inspection systems, the EBA remote monitoring systems for equipment and facilities, smart vehicle traffic and smart human traffic system. In 2023, we focused on promoting the coverage and utilisation of such systems, so as to make the system tools widely available for use and, in conjunction with feedbacks from business applications, continuously optimised and upgraded the products to make such system tools more user-friendly. In the first half of 2024, while continuing to promote the use of systems and to optimise and upgrade products, we orderly advanced data governance and consolidation. We can clearly present the status of projects across various aspects via systematic dashboards, including service quality, equipment operation, and operational health, thereby facilitating business analysis, enabling early warnings or predictions, thus enhancing service and management efficiency. We have also begun exploring and experimenting with AI applications in different business scenarios.

### OUTLOOK FOR THE SECOND HALF OF 2024

Looking back, in recent years, the industry environment has been full of complexity and uncertainties, and the property management industry has experienced new challenges. However, we have consistently adhered to its service commitment, focusing on the essence of our business and grown and developed resiliently, maintaining its strategic composure. We remain firmly confident in the future development of the Company. In the context of continuous recovery of the economy, ongoing policy refinement and customers and market rationalisation, the Group will keep expanding its market share, deep investment in core cities, focusing on sectors with advantageous and providing satisfactory services to customers, to demonstrate healthy growth, with the aim of delivering long-term, reliable and stable returns to the shareholders of the Company.

We will continue to prioritise the maintenance of a sound and healthy cash flow and manage the baseline of business among our operation tasks. In terms of cash flow management for non-related party businesses, we will focus on addressing customer issues, particularly addressing challenges such as reactivation of dormant accounts, collection of vacant property rents, and the impacts of policies, thereby enhancing receivables collection to ensure a healthy cash flow throughout the year. In the meantime, we will accelerate the establishment of our strengths in quality-price matching cost management measures and operation ability. In terms of the management of business and receivables from related parties, we will continue to adopt a market-oriented principle towards related parties' businesses, taking the feasibility of repayment as the benchmark for business engagement, while actively pursuing outstanding payments and promoting the provision of high-quality real estate assets for debt offset and guaranteed.

We will remain committed to the customer-first philosophy, striving to preserve our reputation for high-quality service, and by enhancing our professional and differentiated service offerings to differentiate ourselves from the sea of similar services. In the next phrase, we will place greater emphasis on the cultivation of customer relationships throughout the lifecycle, making our community establishment as an impressive image of customer services. In terms of non-residential services, we will be dedicated to develop core sectors by continuously refining and improving our standards, to develop a distinctive reputation for service products.



## CHAIRMAN'S STATEMENT

Ability to make development is an important ruler for measuring the comprehensive capability of an enterprise. In terms of market expansion, the Group is committed to focus on core cities and core sectors, and deepen cooperation with major customers. Tactically, we will further focus on development of core cities with advantageous. By strengthening market research and analysis, and refining our competitive strategies and tactics across different core sectors and different core cities, we continue to improve our process management mechanisms, capitalise on the vitality of our prime locations, and expand our customer base and lead generation. We drive greater business opportunities by investing more management resources; and develop our own competitive advantages in terms of products, services and operating costs.

We adhere to the goal of long-term sustainable development for living services business, and will develop an ability to replicate business models in cities with density advantages by making business models for core service types needed by the customers to make business better and stronger. Meanwhile, the Group further delineate the synergistic roles between our core business and integrated marketing initiatives, ensuring that the core business remains dynamic and its advantages are fully realized through robust mechanism support. We will systematically advance the implementation of integrated marketing strategies, fully leverage the advantages of our community and offline marketing scenarios.

Looking ahead, the Group will steadfastly uphold our commitment to value, drive business growth and deliver stable returns to our shareholders.

**Sunac Services Holdings Limited**

**Wang Mengde**

*Chairman of the Board*

Hong Kong, 26 August 2024

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### 1. REVENUE

For the six months ended 30 June 2024, the Group recorded revenue of approximately RMB3,483.7 million, representing an increase of approximately RMB87.6 million (approximately 2.6%) as compared with approximately RMB3,396.1 million for the six months ended 30 June 2023. The increase in revenue was primarily due to the increase in revenue from property management and operational services. The following tables set forth the details of the Group's total revenue by source and business line for the periods indicated:

By source:

	For the six months ended 30 June				
	2024		2023		Growth rate
	RMB'000	%	RMB'000	%	%
Third party	3,390,067	97.3	3,203,764	94.3	5.8
Related party	93,661	2.7	192,287	5.7	-51.3
<b>Total</b>	<b>3,483,728</b>	<b>100.0</b>	<b>3,396,051</b>	<b>100.0</b>	<b>2.6</b>

By business line:

	For the six months ended 30 June				
	2024		2023		Growth rate
	RMB'000	%	RMB'000	%	%
Property management and operational services	3,172,442	91.1	2,946,418	86.8	7.7
Community living services	213,119	6.1	246,196	7.2	-13.4
Value-added services to non-property owners	98,167	2.8	203,437	6.0	-51.7
<b>Total</b>	<b>3,483,728</b>	<b>100.0</b>	<b>3,396,051</b>	<b>100.0</b>	<b>2.6</b>

Revenue from property management and operational services recorded an increase of approximately 7.7% as compared to the same period of last year attributable to an increase in GFA under management. As for value-added services to non-property owners, revenue from value-added services to non-property owners for the six months ended 30 June 2024 recorded a sharp decline as there was no significant improvement in the real estate industry and the Group continuously adjusted the business based on the principle of marketization. As for community living services, revenue from property agency services has decreased year-on-year due to the impact of the real estate industry environment. However, the Group has proactively adjusted its business layout by scaling back the development of certain non-core products since the second half of 2023, leading to a decrease in revenue from the segment during the Period.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Property management and operational services

For the six months ended 30 June 2024, the Group's revenue from property management and operational services was approximately RMB3,172.4 million, representing an increase of approximately RMB226.0 million (approximately 7.7%) as compared with that for the six months ended 30 June 2023, which was mainly attributable to the increase in GFA under management that is in line with the Group's business expansion. In particular, the revenue from the development of properties by Sunac Group, its joint ventures and associates<sup>1</sup> amounted to approximately RMB2,285.3 million, accounting for approximately 72.0%, and revenue from the development of properties by independent third-party property developers<sup>2</sup> amounted to approximately RMB887.2 million, accounting for approximately 28.0%.

As at 30 June 2024, the GFA under management was approximately 282 million sq.m., with approximately 88.0% of residential properties and approximately 12.0% of non-residential properties.

The following table sets forth the components of the Group's revenue from property management and operational services by type of projects:

	For the six months ended 30 June			
	2024		2023	
	RMB'000	%	RMB'000	%
Residential properties	2,612,069	82.3	2,311,568	78.5
Non-residential properties	560,373	17.7	634,850	21.5
<b>Total</b>	<b>3,172,442</b>	<b>100.0</b>	<b>2,946,418</b>	<b>100.0</b>

## Community living services

For the six months ended 30 June 2024, the Group's revenue from community living services was approximately RMB213.1 million, representing a decrease of approximately RMB33.1 million (approximately 13.4%) as compared with approximately RMB246.2 million for the six months ended 30 June 2023.

### Notes:

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

## MANAGEMENT DISCUSSION AND ANALYSIS

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

	For the six months ended 30 June			
	2024		2023	
	RMB'000	%	RMB'000	%
Convenience services	103,750	48.7	110,574	44.9
Space operational services	58,244	27.3	74,072	30.1
Property interior decoration services	30,012	14.1	29,649	12.0
Property agency services	21,113	9.9	31,901	13.0
<b>Total</b>	<b>213,119</b>	<b>100.0</b>	<b>246,196</b>	<b>100.0</b>

Convenience services mainly include house cleaning, home appliance cleaning, home repair and maintenance, community product sales and the clearance of renovation waste, etc. Revenue from convenience services for the six months ended 30 June 2024 was approximately RMB103.8 million, representing a decrease of approximately RMB6.8 million as compared with that for the six months ended 30 June 2023. The decrease in revenue from convenience services was mainly attributable to a decrease in revenue from the clearance of renovation waste for homeowners as a result of decreased project deliveries. Despite the decline in revenue, benefiting from the improved operational efficiency and optimisation of supply chain management brought by the Group's focus on core cities and core products, the gross profit for convenience services has increased by RMB23.4 million compared to the same period last year.

Revenue from space operational services was approximately RMB58.2 million, representing a decrease of approximately RMB15.8 million as compared with that for the six months ended 30 June 2023, which was mainly attributable to the Group's active adjustment of certain non-core businesses during the Period.

Revenue from property agency services was approximately RMB21.1 million, representing a decrease of approximately RMB10.8 million as compared with that for the six months ended 30 June 2023. As affected by the market environment, the transaction volume of commercial housing decreased significantly as compared to the same period of last year, resulting in a significant decline in revenue from such business.

### Value-added services to non-property owners

For the six months ended 30 June 2024, the Group's revenue from value-added services to non-property owners amounted to approximately RMB98.2 million, representing a decrease of approximately RMB105.2 million (approximately 51.7%) as compared with approximately RMB203.4 million for the six months ended 30 June 2023. It was mainly due to the fact that the Group proactively managed and adjusted each of the value-added services to non-property owners businesses based on the principle of marketization, leading to a decrease in the Group's revenue from value-added services to non-property owners.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

	For the six months ended 30 June			
	2024		2023	
	RMB'000	%	RMB'000	%
Sales assistance services	39,503	40.2	117,329	57.7
Pre-delivery services	34,245	34.9	43,297	21.3
Others	24,419	24.9	42,811	21.0
<b>Total</b>	<b>98,167</b>	<b>100.0</b>	<b>203,437</b>	<b>100.0</b>

### 2. COST OF SALES

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

The Group's cost of sales amounted to approximately RMB2,595.3 million for the six months ended 30 June 2024, representing an increase of approximately RMB46.8 million (approximately 1.8%) as compared with approximately RMB2,548.5 million for the six months ended 30 June 2023.

### 3. GROSS PROFIT AND GROSS PROFIT MARGIN

The Group's gross profit amounted to approximately RMB888.4 million for the six months ended 30 June 2024, representing an increase of approximately RMB40.9 million (approximately 4.8%) as compared with approximately RMB847.5 million for the six months ended 30 June 2023. The Group's gross profit margin for the six months ended 30 June 2024 was approximately 25.5%, representing an increase of approximately 0.5 percentage point from 25.0% for the six months ended 30 June 2023.

# MANAGEMENT DISCUSSION AND ANALYSIS

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

	For the six months ended 30 June			
	2024		2023	
	Gross Profit RMB'000	Gross Profit Margin %	Gross Profit RMB'000	Gross Profit Margin %
Property management and operational services	756,600	23.8	728,818	24.7
Community living services	94,478	44.3	86,679	35.2
Value-added services to non-property owners	37,346	38.0	32,009	15.7
<b>Total</b>	<b>888,424</b>	<b>25.5</b>	<b>847,506</b>	<b>25.0</b>

The gross profit margin of community living services increased from approximately 35.2% for the six months ended 30 June 2023 to approximately 44.3% for the six months ended 30 June 2024. The increase in gross profit margin was mainly attributable to the Group's strategy of focusing on core cities and core products, which has led to deeper engagement in core cities, streamlined operations and improved efficiency, while also further reduced sales costs by optimising supply chain management.

#### 4. ADMINISTRATIVE EXPENSES

For the six months ended 30 June 2024, the Group's administrative expenses amounted to approximately RMB294.5 million, representing a decrease of approximately RMB20.9 million from approximately RMB315.4 million for the six months ended 30 June 2023. The decrease in administrative expenses was mainly attributable to the Group's integrated management and improved management structure while developing its businesses, also enhanced the return on investment by controlling the efficiency of marketing expenditure.

#### 5. SELLING AND MARKETING EXPENSES

For the six months ended 30 June 2024, the Group's selling and marketing expenses amounted to approximately RMB25.9 million, representing a decrease of approximately RMB12.1 million from approximately RMB38.0 million for the six months ended 30 June 2023, which was mainly attributable to the Group's integrated management and improved deployment of employees to manage marketing expenses efficiency and enhance the input-output ratios.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 6. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

For the six months ended 30 June 2024, the Group's net impairment losses on financial assets amounted to approximately RMB1,136.6 million, in which, the net impairment losses on financial assets from related parties amounted to approximately RMB953.5 million, including net impairment loss on trade receivables from related parties of approximately RMB730.4 million and net impairment loss on other receivables from related parties of approximately RMB223.1 million; while the net impairment losses on financial assets from third parties amounted to approximately RMB183.1 million. During the Period, in light of continued downward movement of market conditions in the real estate industry which resulted in less-than-expected repayments from related parties and the decline in the value of collateral pledged for repayment of amounts due from related parties, the Group further made impairment provisions on trade and other receivables from related parties for the sake of prudence. As a result of the overall economic environment and the low occupancy rate of the newly delivered projects, the pace of collections for Group's trade and other receivables from third parties has slowed and hence an increase in the provision for impairment. For the six months ended 30 June 2023, the Group's net impairment losses on financial assets amounted to approximately RMB38.4 million.

## 7. FINANCE INCOME, NET

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

For the six months ended 30 June 2024, the Group's net finance income amounted to approximately RMB23.5 million, representing a decrease of approximately RMB14.3 million from approximately RMB37.8 million for the six months ended 30 June 2023. The change was mainly due to decrease in cash balance and lower interest rate for bank deposits comparing to the same period last year, resulting in the decrease in interest income on the Group's deposits by approximately RMB15.3 million as compared to the same period last year.

## 8. NET LOSS

For the six months ended 30 June 2024, the Group's net loss amounted to approximately RMB460.4 million, in which, the loss attributable to the owners of the Company was approximately RMB472.2 million, which was mainly due to the fact that the Group further made impairment provisions on trade and other receivables from related parties for the sake of prudence during the Period. For the six months ended 30 June 2023, the Group's net profit amounted to approximately RMB364.9 million, and the profit attributable to the owners of the Company was approximately RMB339.9 million.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 9. TRADE AND OTHER RECEIVABLES

Trade and other receivables include trade receivables and other receivables.

As at 30 June 2024, the Group's net trade and other receivables (including current and non-current) were approximately RMB3,821.4 million, representing a decrease of approximately RMB496.2 million as compared with approximately RMB4,317.6 million as at 31 December 2023, which was mainly due to the increase in the Group's gross trade receivables by approximately RMB569.9 million as compared to the end of the last year and the increase in impairment provision on trade and other receivables by approximately RMB1,091.8 million as compared to the end of the last year. The increase in gross trade receivables was mainly due to the revenue from property management and operational services being mostly collected in the second half of the year and the slowdown in the rate of repayment from third-party property owners as a result of the payment habits of third-party property owners for property management and operational services of the Group. The increase in impairment provisions was mainly due to the fact that the Group further made impairment provisions on trade and other receivables from related parties for the sake of prudence. The Group continued to accelerate the collection of trade receivables from related parties. As at 30 June 2024, the total trade receivables from related parties of the Group amounted to approximately RMB3,317.6 million, representing a decrease of approximately RMB99.2 million as compared with that of approximately RMB3,416.8 million as at 31 December 2023. The net amount of trade receivables from related parties after provision was approximately RMB650.4 million, of which approximately RMB461.2 million was secured by certain assets held by related parties and approximately RMB189.2 million was unsecured.

## 10. TRADE AND OTHER PAYABLES

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

As at 30 June 2024, the Group's trade and other payables were approximately RMB2,858.6 million, representing a decrease of approximately RMB178.3 million from approximately RMB3,036.9 million as at 31 December 2023, which was mainly due to the decrease in trade payables to third parties, payroll payable and accruals.



# MANAGEMENT DISCUSSION AND ANALYSIS

## 11. AVAILABLE FUNDS, FINANCIAL AND CAPITAL RESOURCES

As at 30 June 2024, the total amount of available funds (including cash and cash equivalents, restricted cash, bank deposits with the maturity over three months and wealth management products) of the Group was approximately RMB3,380.4 million, representing a decrease of approximately RMB1,055.2 million from approximately RMB4,435.6 million as at 31 December 2023, which was mainly due to the net cash outflows from the payment of dividends during the Period and operating activities. As at 30 June 2024, all of the Group's wealth management products were products at low risk, all being either demand deposits or maturing within three months after 30 June 2024.

As at 30 June 2024, the Group's net current assets (current assets less current liabilities) amounted to approximately RMB2,295.7 million (as at 31 December 2023: approximately RMB3,499.4 million). The Group's current ratio (calculated by dividing current assets by current liabilities) was approximately 1.5 times (as at 31 December 2023: approximately 1.7 times).

As at 30 June 2024, the Group had no loans or borrowings (as at 31 December 2023: Nil). The gearing ratio (as calculated by dividing total borrowings less lease liabilities by total equity as at the date indicated and multiplied by 100%) as at 30 June 2024 was nil (as at 31 December 2023: Nil).

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

## 12. INTEREST RATE RISK

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

## 13. FOREIGN EXCHANGE RISK

The Group's operating activities are principally conducted in the PRC and most of its operations are denominated in RMB. The Group will closely monitor the fluctuations of the RMB exchange rate and give prudent consideration as to entering into currency swap arrangement as and when appropriate for hedging corresponding risks. As at 30 June 2024, the Group had no significant foreign exchange risk and had not engaged in hedging activities for managing foreign exchange risk.

## 14. PLEDGE OF ASSETS

As at 30 June 2024, none of the assets of the Group were pledged (as at 31 December 2023: Nil).

## 15. CONTINGENT LIABILITIES

As at 30 June 2024, the Group did not have any material contingent liabilities (as at 31 December 2023: Nil).

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the Corporate Governance Code (the “Corporate Governance Code”) contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) as its own code on corporate governance and had complied with all applicable code provisions of the Corporate Governance Code for the six months ended 30 June 2024.

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

## COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix C3 to the Listing Rules as the guidelines for the Directors’ dealings in the securities of the Company. Following specific enquiries of all the Directors, all Directors confirmed that they have complied with the required standards as set out in the Model Code in relation to their securities dealings (if any) during the six months ended 30 June 2024.

## CHANGE IN INFORMATION OF DIRECTORS

Mr. Yao Ning resigned as an independent director of Shanghai Yahong Moulding Co., Ltd. (上海亞虹模具股份有限公司, a company listed on the Shanghai Stock Exchange, stock code: 603159) on 26 February 2024, and was appointed as an independent director of State Power Rixin Technology Co., Ltd. (國能日新科技股份有限公司, a company listed on the Shenzhen Stock Exchange, stock code: 301162) on 6 May 2024.

Save as disclosed in this report, there is no information regarding the Directors subject to disclosure pursuant to Rule 13.51B(1) of the Listing Rules since the publication of the 2023 annual report of the Company.

## SHARE AWARD SCHEME

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

### (I) PURPOSE OF THE SHARE AWARD SCHEME

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

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## (II) DURATION OF THE SHARE AWARD SCHEME

Subject to any termination of the Share Award Scheme as determined by Sunac Shine, the Share Award Scheme shall be valid and effective for ten years commencing on the date of the first grant of any award (each an "Award") of the ordinary shares of the Company (the "Shares") to a selected participant under the Share Award Scheme. The Share Award Scheme has a remaining validity of approximately 7 years.

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

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

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

## (IV) MAXIMUM NUMBER OF SHARES THAT CAN BE AWARDED

The maximum number of Shares that may be granted as Awards under the Share Award Scheme to the Eligible Persons shall be the number of Shares held or to be held by Sunac Shine on trust for the purpose of the Share Award Scheme from time to time. As at 30 June 2024, Sunac Shine held 419,340,750 Shares on trust for the Share Award Scheme, representing approximately 13.72% of the issued Shares.

## (V) GRANT AND ACCEPTANCE OF AWARDS

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

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## (VI) RIGHTS AND RESTRICTIONS

### (i) Voting Rights

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

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

### (ii) Entitlement of the Related Distribution

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

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

### (iii) Rights Attached to the Awarded Shares

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

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### (iv) No Assignment

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

### (v) Unvested Awarded Shares

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

- (a) in the absolute opinion of the Advisory Committee, the Participant is not qualified for his/her position, does not perform his/her work as required by Sunac China and its subsidiaries (the "Sunac China Group"), or commits any illegal act, or otherwise has done anything which, in the conclusive opinion of the Advisory Committee, adversely affects his/her ability to perform his/her duties properly;
- (b) the Participant has resigned or is no longer an employee of the Sunac China Group due to the expiry of his/her employment contract;
- (c) the Participant has been convicted for any criminal offence involving his/her integrity or honesty;
- (d) the Participant commits serious misconduct and is punishable or subject to dismissal with immediate effect by the relevant member(s) of the Sunac China Group in accordance with the relevant employees' manual or the relevant laws and regulations; or
- (e) the Advisory Committee exercises its reserved right to cancel any Award due to other reasons or other relevant provisions of the Share Award Scheme.

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

### (vi) Restrictions

No Award shall be made to any Selected Participants where any Director or any member of the Advisory Committee is in possession of inside information (as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) in relation to the Company or the Directors are prohibited from dealing in Shares pursuant to the applicable requirements under the Listing Rules or applicable laws.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

On 29 May 2024, 12,200,000 Shares had been awarded under the Share Award Scheme to the selected eligible participants, of which 4,000,000 Shares had been awarded to the Directors, and 8,200,000 Shares had been awarded to other eligible participants. Particulars of the outstanding share awards under the Share Award Scheme and their movements during the six months ended 30 June 2024 were as follows:

	Awarded on 24 September 2021	Awarded on 8 June 2022	Awarded on 31 May 2023	Number of unvested Shares as at 1 January 2024	Awarded during the Period	Vested during the Period	Lapsed during the Period	Number of unvested Shares as at 30 June 2024
<b>Selected Participants</b>								
<b>Directors of the Company</b>								
Wang Mengde	900,000	–	–	225,000	–	225,000	–	–
Cao Hongling	1,100,000	1,100,000	2,200,000	3,300,000	3,000,000	275,000	–	6,025,000
Yang Man	450,000	348,000	689,000	803,250	1,000,000	571,750	–	1,231,500
Lu Peng	100,000	–	–	25,000	–	25,000	–	–
Gao Xi	250,000	–	–	62,500	–	–	–	62,500
<b>Sub-total</b>	<b>2,800,000</b>	<b>1,448,000</b>	<b>2,889,000</b>	<b>4,415,750</b>	<b>4,000,000</b>	<b>1,096,750</b>	<b>–</b>	<b>7,319,000</b>
<b>Other eligible participants</b>	<b>10,275,000</b>	<b>6,536,000</b>	<b>10,983,000</b>	<b>12,546,000</b>	<b>8,200,000</b>	<b>6,931,500</b>	<b>686,000</b>	<b>13,128,500</b>
<b>Total</b>	<b>13,075,000</b>	<b>7,984,000</b>	<b>13,872,000</b>	<b>16,961,750</b>	<b>12,200,000</b>	<b>8,028,250</b>	<b>686,000</b>	<b>20,447,500</b>

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 30 June 2024, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO, Chapter 571 of the Laws of Hong Kong) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in Appendix C3 to the Listing Rules, are set out below:

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

Name of Director	Nature of interest	Number of Shares held	Approximate percentage of interest in the Company <sup>(Note)</sup>
Mr. Wang Mengde	Beneficial owner	2,157,734	0.07%
Ms. Cao Hongling	Beneficial owner	2,230,563	0.07%
Ms. Yang Man	Beneficial owner	1,354,187	0.04%
Mr. Lu Peng	Beneficial owner	95,814	0.003%
Mr. Gao Xi	Beneficial owner	855,500	0.03%
Ms. Wang Lihong	Beneficial owner	197,886	0.006%

Note: Calculated on the basis of 3,056,844,000 Shares in issue as at 30 June 2024.

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

Name of Director	Nature of interest	Number of unvested Shares awarded under the Share Award Scheme	Approximate percentage of interest in the Company <sup>(Note)</sup>
Ms. Cao Hongling	Beneficial owner	6,025,000	0.20%
Ms. Yang Man	Beneficial owner	1,231,500	0.04%
Mr. Gao Xi	Beneficial owner	62,500	0.002%

Note: Calculated on the basis of 3,056,844,000 Shares in issue as at 30 June 2024.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

Name of Director	Name of associated corporation	Nature of interest	Number of ordinary shares held	Approximate percentage of interest <sup>(Note)</sup>
Mr. Wang Mengde	Sunac China	Beneficial owner	17,177,000	0.20%
Ms. Cao Hongling	Sunac China	Beneficial owner	2,693,500	0.03%
Ms. Yang Man	Sunac China	Beneficial owner	13,008	0.0002%
Mr. Lu Peng	Sunac China	Beneficial owner	241,199	0.003%
Mr. Gao Xi	Sunac China	Beneficial owner	228,000	0.003%
Ms. Wang Lihong	Sunac China	Beneficial Owner	30,000	0.0003%

Note: Calculated on the basis of 8,620,471,579 Sunac China ordinary shares in issue as at 30 June 2024.

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

Name of Director	Name of associated corporation	Nature of interest	Number of unvested shares awarded under the Share Award Scheme	Approximate percentage of interest <sup>(Note)</sup>
Mr. Wang Mengde	Sunac China	Beneficial owner	1,860,000	0.02%
Ms. Cao Hongling	Sunac China	Beneficial owner	625,000	0.007%
Ms. Yang Man	Sunac China	Beneficial owner	38,500	0.0004%
Mr. Lu Peng	Sunac China	Beneficial owner	790,000	0.009%
Mr. Gao Xi	Sunac China	Beneficial owner	712,000	0.008%

Note: Calculated on the basis of 8,620,471,579 Sunac China ordinary shares in issue as at 30 June 2024.

As at 30 June 2024, save as disclosed in this report, none of the Directors and chief executives of the Company had interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



# CORPORATE GOVERNANCE AND OTHER INFORMATION

## INTERESTS OF SUBSTANTIAL SHAREHOLDERS (LONG POSITION)

To the knowledge of the Company, as at 30 June 2024, the following persons, other than the Directors or chief executives of the Company, had an interest of 5% or more in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Nature of interest/Capacity	Number of Shares held <sup>(1)</sup>	Approximate percentage of interest in the Company <sup>(2)</sup>
Sunac China <sup>(3)</sup>	Interest of controlled corporation	1,509,985,266 (L)	49.40%
Sunac Services Investment Limited <sup>(3)</sup>	Beneficial owner	1,090,644,516 (L)	35.68%
Sunac Shine <sup>(3)</sup>	Trustee	419,340,750 (L)	13.72%

Notes:

- (1) The letter "L" denotes a long position in the Shares.
- (2) Calculated on the basis of 3,056,844,000 Shares in issue as at 30 June 2024.
- (3) Sunac Services Investment Limited is wholly-owned by Sunac China. Sunac Shine is wholly-owned by Sunac China and acts as the trustee of the Sunac Services Share Award Scheme Trust which is set up for the purpose of a share award scheme adopted on 11 June 2021. By virtue of the SFO, Sunac China is deemed to be interested in the Shares held by Sunac Services Investment Limited and Sunac Shine.

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

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

As at 30 June 2024, the Group held financial assets (including current and non-current) at fair value through profit or loss of approximately RMB1,338 million, which mainly represents equity investments in an unlisted company and certain wealth management products with low-risk, and no single investment accounts for 5% or more of the Group's total assets.

Save as disclosed in this report, there were no other significant investments held, material acquisitions or disposals of subsidiaries, associates or joint ventures during the six months ended 30 June 2024.

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

Save as disclosed in this report, there were no other plans authorised by the Board for material investments or additions of capital assets as at 30 June 2024.

## INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

As at 30 June 2024, there is no treasury shares held by the Company.

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the six months ended 30 June 2024.

## SUBSEQUENT EVENTS

After the reporting period and as at the date of this report, there was no other significant event that had an effect on the Group.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2024, the Group had 26,839 (as at 31 December 2023: 26,795) employees. For the six months ended 30 June 2024, the staff cost of the Group was approximately RMB1.35 billion (for the six months ended 30 June 2023: approximately RMB1.35 billion). The Group's employee remuneration policy is determined by reference to factors such as remuneration standard of the local market, the overall remuneration standard in the industry, inflation level, corporate operating efficiency and employee performance. The Board will review the remuneration policy from time to time. The Group conducts annual performance appraisals for its employees, the results of which are applied in annual salary and promotional assessment. Social insurance is paid by the Group for its employees in mainland China in accordance with the relevant PRC regulations.

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

## CONSTITUTIONAL DOCUMENTS

The Company has adopted the second amended and restated memorandum of association and the third amended and restated articles of association after the approval at the annual general meeting of the Company held on 21 May 2024 to replace the existing memorandum of association and articles of association of the Company. The latest version of the second amended and restated memorandum of association and the third amended and restated articles of association of the Company is available for inspection at the website of the Company ([www.sunacservice.com](http://www.sunacservice.com)) and the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).

## USE OF PROCEEDS FROM THE LISTING

The Shares were listed on the Main Board of the Stock Exchange on 19 November 2020 by way of global offering, 690,000,000 Shares were issued, and a total of 793,500,000 Shares were issued after the over-allotment options were fully exercised, raising net proceeds (after deducting underwriting commissions and other related listing expenses) of approximately HK\$9,042 million in total.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

As disclosed in the announcements of the Company dated 8 November 2021 and 29 August 2022, the Board resolved to change the use of the unutilised net proceeds from the Listing. On 8 November 2021, the Board resolved to change the proposed use of the net proceeds from the Listing to allocate more net proceeds to acquisition opportunities with companies engaged in property management and related services and community operations. On 29 August 2022, the Board resolved to change the proposed use of the unutilised net proceeds from the Listing to allocate part of the net proceeds to technology, community living services business, working capital and other uses in view of the change in the current property management industry and limited quality merger and acquisition targets with appropriate values and to improve the utilisation efficiency of capital, and enhance the endogenous development ability of the Group. Further details of the breakdown and description of the net proceeds are set out in the announcements of the Company dated 8 November 2021 and 29 August 2022.

Up to 30 June 2024, the net proceeds from the Listing which were utilised according to the plan previously disclosed were set out below:

Use of net proceeds	Revised allocation of the net proceeds as set out in the announcement dated 29 August 2022		Unutilised amount of net proceeds as at 31 December 2023	Actual amount of net proceeds utilised during the Period	Unutilised amount of net proceeds as at 30 June 2024	Expected timeline of full utilisation of the balance <sup>(Note)</sup>
	(HK\$ million)	(Approximate percentage)	(HK\$ million)	(HK\$ million)	(HK\$ million)	
(a) Strategic investment and acquisition opportunities with companies engaged in property management and/or community operations	5,404	60%	1,838	0	1,838	On or before 31 December 2026
(b) Upgrading the Group's systems for smart management services and for the development of the smart communities	768	9%	415	34	381	On or before 31 December 2026
(c) Further developing the community value-added services of the Group	1,480	16%	431	140	291	On or before 31 December 2026
(d) Working capital and general corporate purposes	1,390	15%	0	0	0	Not applicable
<b>Total</b>	<b>9,042</b>	<b>100%</b>	<b>2,684</b>	<b>174</b>	<b>2,510</b>	

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

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

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## AUDIT COMMITTEE AND REVIEW OF THE INTERIM RESULTS

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

The Audit Committee has reviewed the accounting principles and practices adopted by the Company and discussed matters concerning the audit, internal control and risk management systems and financial reporting, including reviewing the Group’s unaudited interim results for the six months ended 30 June 2024.

The Group’s unaudited interim results for the six months ended 30 June 2024 have been reviewed by the Company’s independent auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

**Sunac Services Holdings Limited**

**Wang Mengde**

*Chairman of the Board*

Hong Kong, 26 August 2024

# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

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

## Introduction

We have reviewed the interim financial information set out on pages 29 to 62, which comprises the interim condensed consolidated statement of financial position of Sunac Services Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2024 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 26 August 2024

*PricewaterhouseCoopers, 22/F, Prince’s Building, Central, Hong Kong*  
*T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Note	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Revenue</b>	7	<b>3,483,728</b>	3,396,051
Cost of sales	8	<b>(2,595,304)</b>	(2,548,545)
<b>Gross profit</b>		<b>888,424</b>	847,506
Administrative expenses	8	<b>(294,473)</b>	(315,406)
Selling and marketing expenses	8	<b>(25,936)</b>	(37,974)
Impairment of intangible assets		<b>(294)</b>	–
Net impairment losses on financial assets	8	<b>(1,136,572)</b>	(38,385)
Other income	9	<b>14,028</b>	33,963
Other losses – net	10	<b>(111,329)</b>	(57,028)
<b>Operating (loss)/profit</b>		<b>(666,152)</b>	432,676
Finance income		<b>26,742</b>	41,224
Finance costs		<b>(3,225)</b>	(3,421)
Finance income – net	11	<b>23,517</b>	37,803
Share of post-tax (loss)/profits of associates and joint ventures accounted for using the equity method, net	17	<b>(2,846)</b>	3,115
<b>(Loss)/profit before income tax</b>		<b>(645,481)</b>	473,594
Income tax credits/(expense)	12	<b>185,129</b>	(108,674)
<b>(Loss)/profit for the period</b>		<b>(460,352)</b>	364,920
<b>Other comprehensive income for the period</b>		–	–
<b>Total comprehensive (loss)/income for the period</b>		<b>(460,352)</b>	364,920
<b>Total comprehensive (loss)/income attributable to:</b>			
– Owners of the Company		<b>(472,234)</b>	339,925
– Non-controlling interests		<b>11,882</b>	24,995
		<b>(460,352)</b>	364,920
<b>(Loss)/earnings per share (expressed in RMB per share) (unaudited)</b>			
– Basic (loss)/earnings per share	13	<b>(0.15)</b>	0.11
– Diluted (loss)/earnings per share	13	<b>(0.15)</b>	0.11

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

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Note	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	93,791	100,439
Right-of-use assets	15	64,143	64,390
Investment properties		45,559	36,427
Intangible assets	16	1,559,993	1,601,256
Deferred tax assets	25	926,842	648,470
Investments accounted for using the equity method	17	53,476	56,683
Financial assets at fair value through profit or loss	21	177,735	294,962
Other receivables	18	227,374	50,758
Prepayments	19	2,989	3,375
Bank deposits with the maturity over one year	20	–	50,000
		<b>3,151,902</b>	<b>2,906,760</b>
<b>Current assets</b>			
Inventories		50,998	54,540
Trade and other receivables	18	3,594,064	4,266,886
Prepayments	19	81,979	31,076
Cash and cash equivalents	20	2,180,527	3,979,504
Restricted cash		17,365	52,682
Bank deposits with the maturity over three months	20	22,099	76,003
Financial assets at fair value through profit or loss	21	1,160,394	277,378
Other current assets		3,914	–
		<b>7,111,340</b>	<b>8,738,069</b>
<b>Total assets</b>		<b>10,263,242</b>	<b>11,644,829</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital	22	25,645	25,645
Reserves	23	5,290,477	5,707,086
(Accumulated losses)/retained earnings		(169,941)	302,293
		<b>5,146,181</b>	<b>6,035,024</b>
Non-controlling interests		148,721	202,482
<b>Total equity</b>		<b>5,294,902</b>	<b>6,237,506</b>



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Note	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities	15	104,349	100,003
Deferred tax liabilities	25	48,328	68,610
		<b>152,677</b>	<b>168,613</b>
<b>Current liabilities</b>			
Lease liabilities	15	21,799	18,432
Trade and other payables	24	2,858,612	3,036,874
Contract liabilities	7	1,602,406	1,816,461
Current income tax liabilities		332,846	366,943
		<b>4,815,663</b>	<b>5,238,710</b>
<b>Total liabilities</b>		<b>4,968,340</b>	<b>5,407,323</b>
<b>Total equity and liabilities</b>		<b>10,263,242</b>	<b>11,644,829</b>

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

The condensed consolidated interim financial information on pages 29 to 62 was approved by the Board of Directors on 26 August 2024 and was signed on its behalf.

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**Cao Hongling**  
Director

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**Yang Man**  
Director

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Unaudited					Total Equity RMB'000
	Attributable to the owners of the Company				Non- controlling interests RMB'000	
	Share capital RMB'000	Reserves RMB'000	(Accumulated losses)/retained earnings RMB'000	Subtotal RMB'000		
Balance at 1 January 2024	25,645	5,707,086	302,293	6,035,024	202,482	6,237,506
Total comprehensive (loss)/income for the period ended 30 June 2024	-	-	(472,234)	(472,234)	11,882	(460,352)
<b>Transactions with owners, recognised directly in equity</b>						
Dividends paid to the shareholders of the Company	-	(448,206)	-	(448,206)	-	(448,206)
Changes in non-controlling shareholders' put option	-	26,394	-	26,394	-	26,394
Share award scheme-value of employee services	-	5,203	-	5,203	-	5,203
Disposal of a subsidiary	-	-	-	-	(298)	(298)
Dividends paid to non-controlling interests	-	-	-	-	(65,345)	(65,345)
<b>Balance at 30 June 2024</b>	<b>25,645</b>	<b>5,290,477</b>	<b>(169,941)</b>	<b>5,146,181</b>	<b>148,721</b>	<b>5,294,902</b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

Unaudited

	Attributable to the owners of the Company					Non-controlling interests	Total Equity
	Share capital	Reserves	Retained earnings	Subtotal	RMB'000		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<b>Balance at 1 January 2023</b>	25,645	6,163,342	1,414,716	7,603,703	165,326	7,769,029	
<b>Total comprehensive income for the period ended 30 June 2023</b>	–	–	339,925	339,925	24,995	364,920	
<b>Transactions with owners, recognised directly in equity</b>							
Capital contributions from non-controlling interests	–	–	–	–	120	120	
Transaction with non-controlling interests	–	–	–	–	(1,283)	(1,283)	
Share award scheme-value of employee services	–	11,441	–	11,441	–	11,441	
Dividends paid to the shareholders of the Company	–	(427,015)	–	(427,015)	–	(427,015)	
Appropriation of statutory reserves	–	405	(405)	–	–	–	
<b>Balance at 30 June 2023</b>	25,645	5,748,173	1,754,236	7,528,054	189,158	7,717,212	

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

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Note	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Cash flows from operating activities</b>			
Cash (used in)/generated from operations		(344,490)	132,966
Income tax paid		(147,622)	(126,352)
<b>Net cash (used in)/generated from operating activities</b>		<b>(492,112)</b>	<b>6,614</b>
<b>Cash flows from investing activities</b>			
Proceeds from settlement of financial assets at fair value through profit or loss ("FVPL")		1,326,313	919,526
Proceeds from settlement of bank deposits with the maturity over three months		103,904	–
Proceeds from disposal of property, plant and equipment ("PPE")		1,192	–
Proceeds from disposal of a joint venture and an associate		–	3,470
Payments for financial assets at FVPL		(2,193,400)	(1,085,000)
Payments for purchases of PPE and intangible assets		(24,689)	(75,663)
Payments for bank deposits with the maturity over three months		–	(83,701)
Interest received		5,236	742
Principal elements of lease receivables		531	89
Dividend received from a joint venture		361	–
<b>Net cash used in investing activities</b>		<b>(780,552)</b>	<b>(320,537)</b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Note	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Cash flows from financing activities</b>			
Capital contribution from non-controlling interests		–	120
Payments for disposal of subsidiaries		(298)	(1,283)
Dividends paid to Company's shareholders		(448,206)	(427,015)
Dividends paid to non-controlling interests		(65,345)	–
Interest paid		(3,225)	(3,421)
Principal elements of lease payments		(11,234)	(12,899)
<b>Net cash used in financing activities</b>		<b>(528,308)</b>	<b>(444,498)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(1,800,972)</b>	<b>(758,421)</b>
Cash and cash equivalents at beginning of the period		3,979,504	3,878,267
Effects of exchange rate changes on cash and cash equivalents		1,995	3,330
<b>Cash and cash equivalents at end of the period</b>	20	<b>2,180,527</b>	<b>3,123,176</b>

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

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 1 General information

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

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

The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

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

These condensed consolidated interim financial information is presented in Renminbi (“RMB”), unless otherwise stated.

## 2 Basis of presentation

This condensed consolidated interim financial report for the half-year reporting period ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standards (“HKAS”) 34 *Interim Financial Reporting*. The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2023 and any public announcement made by the Company during the interim reporting period.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 3 Accounting policy information

The accounting policies adopted by the Group are consistent with those of the previous financial year and corresponding interim reporting period, except for the estimation of income tax and the adoption of new and amended standards as set out below.

### (A) NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The Group has applied the following amendments for the first time for their annual reporting period commencing on 1 January 2024:

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

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

*Lease Liability in Sale and Leaseback – Amendments to HKFRS 16*

*Supplier Finance Arrangements – Amendments to HKAS 7 and HKFRS 7*

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

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

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

	Effective for the financial year beginning on or after
<i>Amendments to HKAS 21 – Lack of Exchangeability</i>	1 January 2025
<i>Amendments to HKFRS 10 and HKAS 28 – Sale or contribution of assets between an investor and its associates or joint ventures</i>	To be determined

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 4 Estimates

The preparation of the interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements and estimations made by management were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023.

## 5 Financial risk management

### 5.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2023.

There have been no significant changes in the risk or in any risk management policies since 31 December 2023.

### 5.2 CREDIT RISK

#### Impairment of financial assets

##### Trade receivables

For trade receivables from third parties, the ECL were estimated using a provision matrix based on the history ageing profile of these receivables over a period of 5 years before 30 June 2024 or 1 January 2024 respectively and the corresponding historical credit losses experience within this period.

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

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



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 5 Financial risk management (Continued)

### 5.2 CREDIT RISK (CONTINUED)

#### Impairment of financial assets (Continued)

##### Trade receivables (Continued)

On that basis, the loss allowance as at 30 June 2024 and 31 December 2023 was determined as follows for trade receivables:

	Ageing analysis						Total RMB'000
	Within 1 year RMB'000	1–2 years RMB'000	2–3 years RMB'000	3–4 years RMB'000	4–5 years RMB'000	Over 5 years RMB'000	
<b>Third parties</b>							
<b>At 30 June 2024</b>							
Expected loss rate	7%	31%	44%	69%	76%	100%	20%
Gross carrying amount	1,966,412	654,835	364,839	107,422	34,052	34,075	3,161,635
Loss allowance	144,051	199,757	158,799	73,671	25,953	34,000	636,231
<b>At 31 December 2023</b>							
Expected loss rate	8%	28%	38%	50%	64%	81%	18%
Gross carrying amount	1,563,145	573,084	241,031	57,381	26,285	31,571	2,492,497
Loss allowance	129,193	160,328	92,517	28,811	16,806	25,676	453,331
<b>Related parties</b>							
<b>At 30 June 2024</b>							
<i>Guaranteed</i>							
Expected loss rate	–	–	–	–	–	–	–
Gross carrying amount	72,995	19,676	178,054	184,530	5,765	235	461,255
Loss allowance	–	–	–	–	–	–	–
<i>Not Guaranteed</i>							
Expected loss rate	83%	86%	94%	95%	91%	91%	93%
Gross carrying amount	129,301	33,838	2,023,132	649,535	20,093	457	2,856,356
Loss allowance	107,089	29,027	1,896,417	615,990	18,265	414	2,667,202
<b>Gross carrying amount total</b>	<b>202,296</b>	<b>53,514</b>	<b>2,201,186</b>	<b>834,065</b>	<b>25,858</b>	<b>692</b>	<b>3,317,611</b>
<b>Loss allowance total</b>	<b>107,089</b>	<b>29,027</b>	<b>1,896,417</b>	<b>615,990</b>	<b>18,265</b>	<b>414</b>	<b>2,667,202</b>
<b>At 31 December 2023</b>							
<i>Guaranteed</i>							
Expected loss rate	–	–	–	–	–	–	–
Gross carrying amount	169,788	41,116	397,379	29,093	630	199	638,205
Loss allowance	–	–	–	–	–	–	–
<i>Not Guaranteed</i>							
Expected loss rate	3%	73%	74%	72%	65%	–	71%
Gross carrying amount	83,759	796,701	1,789,395	108,470	285	–	2,778,610
Loss allowance	2,279	583,321	1,317,274	78,495	185	–	1,981,554
<b>Gross carrying amount total</b>	<b>253,547</b>	<b>837,817</b>	<b>2,186,774</b>	<b>137,563</b>	<b>915</b>	<b>199</b>	<b>3,416,815</b>
<b>Loss allowance total</b>	<b>2,279</b>	<b>583,321</b>	<b>1,317,274</b>	<b>78,495</b>	<b>185</b>	<b>–</b>	<b>1,981,554</b>

Accounts receivables from related parties are guaranteed by certain assets held by the fellow subsidiaries under Sunac China and associates and joint ventures of Sunac China (the "Sunac China Group").

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 5 Financial risk management (Continued)

### 5.2 CREDIT RISK (CONTINUED)

#### Impairment of financial assets (Continued)

Other receivables (excluding amounts due from related parties)

Other receivables (excluding amounts due from related parties) mainly included payments on behalf of property owners, lease receivables, deposits and others. Management considered these receivables to be low credit risk, when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. In calculating the ECL rates, the Group considers historical loss rates for other receivables, and adjusts for forward-looking macroeconomic data. On that basis, the loss allowance for other receivables (excluding amounts due from related parties) was limited to 12 months expected losses, which was RMB14.35 million as at 30 June 2024 (31 December 2023: RMB14.18 million).

Amounts due from related parties

The Group entered into agency services agreements about sales of car park spaces with the Sunac China Group (the "Car Park Agency Agreements").

Amounts due from related parties mainly included deposits paid for Car Park Agency Agreements and others. As at 30 June 2024, the Group has assessed that the expected loss rate for amounts due from fellow subsidiaries and related companies were still at stage 3 given that the reasonable and supportive current and forwarding-looking information which indicate the financial assets was credit-impaired in credit risk.

The loss allowance as at 30 June 2024 and 31 December 2023 was determined as follows for amounts due from related parties:

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Other receivables				
<b>At 30 June 2024</b>				
Expected loss rate	–	–	53%	53%
Gross carrying amount	–	–	737,809	737,809
<b>Loss allowance</b>	–	–	<b>390,751</b>	<b>390,751</b>
<b>At 31 December 2023</b>				
Expected loss rate	–	–	23%	23%
Gross carrying amount	–	–	744,005	744,005
<b>Loss allowance</b>	–	–	<b>167,661</b>	<b>167,661</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 5 Financial risk management (Continued)

### 5.2 CREDIT RISK (CONTINUED)

#### Impairment of financial assets (Continued)

The loss allowances for trade and other receivables as at 30 June reconcile to the opening loss allowances as follows:

	Six months ended 30 June 2024		
	Third parties RMB'000	Related parties RMB'000	Total RMB'000
Opening loss allowance at 1 January	467,512	2,149,215	2,616,727
Increase in loss allowance for trade receivables recognised in profit or loss during the period	182,900	730,414	913,314
Increase in loss allowance for other receivables recognised in profit or loss during the period	168	223,090	223,258
Receivables written off during the period through settlement of partial receivables	–	(44,766)	(44,766)
<b>Closing loss allowance at 30 June</b>	<b>650,580</b>	<b>3,057,953</b>	<b>3,708,533</b>

  

	Six months ended 30 June 2023		
	Third parties RMB'000	Related parties RMB'000	Total RMB'000
Opening loss allowance at 1 January	158,146	1,618,931	1,777,077
Increase/(decrease) in loss allowance for trade receivables recognised in profit or loss during the period	77,334	(44,014)	33,320
(Decrease)/increase in loss allowance for other receivables recognised in profit or loss during the period	(1,211)	8,048	6,837
Receivables written off during the period through settlement of partial receivables	(2,628)	(11,929)	(14,557)
<b>Closing loss allowance at 30 June</b>	<b>231,641</b>	<b>1,571,036</b>	<b>1,802,677</b>

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

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

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 5 Financial risk management (Continued)

### 5.2 CREDIT RISK (CONTINUED)

#### Impairment of financial assets (Continued)

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

	Six months ended 30 June 2024		
	Third parties	Related parties	Total
	RMB'000	RMB'000	RMB'000
Impairment losses			
Movement in loss allowance for trade receivables	182,900	730,414	913,314
Movement in loss allowance for other receivables	168	223,090	223,258
<b>Net impairment losses on financial assets</b>	<b>183,068</b>	<b>953,504</b>	<b>1,136,572</b>

	Six months ended 30 June 2023		
	Third parties	Related parties	Total
	RMB'000	RMB'000	RMB'000
Impairment losses			
Movement in loss allowance for trade receivables	77,334	(44,014)	33,320
Movement in loss allowance for other receivables	(1,211)	8,048	6,837
Reversal of previous written off	(1,772)	–	(1,772)
<b>Net impairment losses on financial assets</b>	<b>74,351</b>	<b>(35,966)</b>	<b>38,385</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 5 Financial risk management (Continued)

### 5.3 FAIR VALUE ESTIMATION

This note provides an update on the judgements and estimates made by the Group in determining the fair values of the financial instruments since the last annual financial report.

#### (i) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 30 June 2024 and 31 December 2023 on a recurring basis:

Recurring fair value measurements At 30 June 2024	Note	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Financial assets</b>					
Financial assets at FVPL	21	–	–	1,338,129	1,338,129

  

Recurring fair value measurements At 31 December 2023	Note	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Financial assets</b>					
Financial assets at FVPL	21	–	–	572,340	572,340

During the six months ended 30 June 2024, there were no transfers between different levels for recurring fair value measurements during the period.

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

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

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

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

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 5 Financial risk management (Continued)

### 5.3 FAIR VALUE ESTIMATION (CONTINUED)

#### (ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments.
- market approach, equity allocation model and option pricing method with observable and unobservable inputs, including risk-free rate, expected volatility and etc.

As at 30 June 2024 and 31 December 2023, the Group's level 3 instruments included interest in an unlisted company and wealth management products.

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

The following table presents the changes in level 3 items for the period ended 30 June 2024.

	Financial assets at FVPL		
	Wealth management products RMB'000	Interest in an unlisted company RMB'000	Total RMB'000
Opening balance at 1 January 2024	277,378	294,962	572,340
Addition	2,193,400	–	2,193,400
Disposal	(1,326,313)	–	(1,326,313)
Gains/(losses) recognised in other losses – net*	15,929	(117,227)	(101,298)
<b>Closing balance at 30 June 2024</b>	<b>1,160,394</b>	<b>177,735</b>	<b>1,338,129</b>
*includes unrealised gains/(losses) recognised in profit or loss attributable to balances held at the end of the reporting period	7,004	(117,227)	(110,223)

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 5 Financial risk management (Continued)

### 5.3 FAIR VALUE ESTIMATION (CONTINUED)

#### (iv) Valuation inputs and relationships to fair value

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

Description	Fair value at		Valuation method	Significant unobservable inputs	Range of significant unobservable inputs	
	30 June 2024 RMB'000	31 December 2023 RMB'000			2024	2023
Interest in an unlisted company	177,735	294,962	Market approach, equity allocation model and option pricing method	Expected volatility rate	56.8%	56.0%
Wealth management products	1,160,394	277,378	Net assets value	na	na	na

Relationships of unobservable inputs to fair value are as follows:

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

#### (v) Valuation processes

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

#### (vi) Fair values of other financial instruments (unrecognised)

The Group also has a number of financial instruments which are not measured at fair value in the balance sheet. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 6 Segment information

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

During the six months ended 30 June 2024, the Group is principally engaged in the provision of property management and operational services, community living services, value-added services to non-property owners in the PRC. Management reviews the operating results of the business by region in the PRC but these operating segments are aggregated into a single operating segment as the nature of services, the type of customers for services, the methods used to provide their services and the nature of regulatory environment are the same in different regions.

The principal operating entities of the Group are domiciled in the PRC. Accordingly, all of the Group's revenue was derived in the PRC during the six months ended 30 June 2024.

As at 30 June 2024 and 31 December 2023, nearly 100% of the non-current assets of the Group were located in the PRC.

## 7 Revenue of services

Revenue mainly comprises of proceeds from property management and operational services, community living services and value-added services to non-property owners. An analysis of the Group's revenue by category for the six months ended 30 June 2024 and 2023 was as follows:

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
<b>Recognised over time</b>		
– Property management and operational services	3,172,442	2,946,418
– Community living services	95,569	113,325
– Value-added services to non-property owners	89,781	192,628
	<b>3,357,792</b>	<b>3,252,371</b>
<b>Recognised at a point in time</b>		
– Community living services	117,550	132,871
– Value-added services to non-property owners	8,386	10,809
	<b>125,936</b>	<b>143,680</b>
	<b>3,483,728</b>	<b>3,396,051</b>

The Group had a large number of customers and none of whom contributed 10% or more of the Group's revenue for the six months ended 30 June 2024 (for the six months ended 30 June 2023: none).



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 7 Revenue of services (Continued)

### (A) CONTRACT LIABILITIES

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

	30 June 2024 RMB'000	31 December 2023 RMB'000
Contract liabilities		
– Third parties	1,599,087	1,809,990
– Related parties	3,319	6,471
	<b>1,602,406</b>	<b>1,816,461</b>

## 8 Expenses by nature

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

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Employee benefit expenses	1,347,157	1,351,563
Net impairment losses on financial assets	1,136,572	38,385
Security, maintenance, cleaning and greening costs	1,108,199	1,113,190
Utilities	135,705	137,970
Depreciation and amortisation	79,037	90,095
Consumable materials cost	64,017	44,735
Travelling and entertainment expenses	39,274	40,085
Cost of goods sold	24,183	26,854
Office and communication expenses	22,190	26,021
Others	95,951	71,412
	<b>4,052,285</b>	<b>2,940,310</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 9 Other income

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Government grants (a)	10,663	18,668
Interest income	3,365	15,295
	<b>14,028</b>	<b>33,963</b>

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

### Deferral and presentation of government grants

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

## 10 Other losses – net

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Fair value losses from financial assets at FVPL	(101,298)	(49,411)
Fair value loss on investment properties	(5,861)	(1,442)
(Losses)/gains on disposal of right-of-use assets in the sublease	(692)	2,093
Gains/(losses) on termination of a sublease contract	731	(8,145)
Exchange gains	1,995	3,330
Others	(6,204)	(3,453)
	<b>(111,329)</b>	<b>(57,028)</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 11 Finance income – net

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Finance cost		
Interest expenses for lease liabilities	(3,225)	(3,421)
Finance income		
Interest income on bank deposits	25,216	40,482
Interest income for lease receivables	1,526	742
	26,742	41,224
	23,517	37,803

## 12 Income tax (credits)/expense

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Current income tax	113,525	165,436
Deferred income tax	(298,654)	(56,762)
	(185,129)	108,674

### (I) CAYMAN ISLAND INCOME TAX

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

### (II) HONG KONG PROFIT TAX AND BVI INCOME TAX

No provision for Hong Kong profits tax was made as the Group did not derive any income subject to Hong Kong profits tax during the period ended 30 June 2024.

Pursuant to the applicable rules and regulations of the British Virgin Islands ("BVI"), the BVI subsidiaries of the Group are not subject to any income tax in those jurisdictions.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 12 Income tax (credits)/expense (Continued)

### (III) PRC CORPORATE INCOME TAX

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

According to relevant PRC tax laws and regulations, certain subsidiaries of the Group which are registering and operating in western region of Mainland China are entitled for a preferential corporate income tax rate of 15% for the six months ended 30 June 2024.

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

## 13 Loss/(earnings) per share

The basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2024 and 2023.

The Company did not have any potential ordinary shares outstanding to be issued during the six months ended 30 June 2024 and 2023. Diluted (loss)/earnings per share is equal to basic (loss)/earnings per share.

	Six months ended 30 June	
	2024	2023
Loss/(profit) attributable to the owners of the Company (RMB'000)	(472,234)	339,925
Weighted average number of ordinary shares in issue	3,056,844,000	3,056,844,000
Basic (loss)/earnings per share for (loss)/profit attributable to the owners of the Company during the period (expressed in RMB per share)	(0.15)	0.11

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 14 Property, plant and equipment

	Machinery and electronic equipment RMB'000	Vehicles RMB'000	Furniture and office equipment RMB'000	Leasehold Improvements RMB'000	Buildings RMB'000	Assets under construction RMB'000	Total RMB'000
<b>As at 31 December 2023</b>							
Cost	162,498	17,245	20,878	21,509	409	5,144	227,683
Accumulated depreciation	(89,856)	(9,750)	(9,807)	(17,665)	(166)	-	(127,244)
<b>Net book amount</b>	<b>72,642</b>	<b>7,495</b>	<b>11,071</b>	<b>3,844</b>	<b>243</b>	<b>5,144</b>	<b>100,439</b>
<b>Half-year ended 30 June 2024</b>							
<b>Opening net book amount</b>	<b>72,642</b>	<b>7,495</b>	<b>11,071</b>	<b>3,844</b>	<b>243</b>	<b>5,144</b>	<b>100,439</b>
Additions	8,287	1,123	781	-	-	2,288	12,479
Transfer from assets under construction	969	-	-	-	-	(969)	-
Disposals	(699)	(322)	(171)	-	-	-	(1,192)
Depreciation charges	(13,239)	(2,182)	(1,509)	(972)	(33)	-	(17,935)
<b>Closing net book amount</b>	<b>67,960</b>	<b>6,114</b>	<b>10,172</b>	<b>2,872</b>	<b>210</b>	<b>6,463</b>	<b>93,791</b>
<b>As at 30 June 2024</b>							
Cost	161,844	14,524	19,210	21,509	409	6,463	223,959
Accumulated depreciation	(93,884)	(8,410)	(9,038)	(18,637)	(199)	-	(130,168)
<b>Net book amount</b>	<b>67,960</b>	<b>6,114</b>	<b>10,172</b>	<b>2,872</b>	<b>210</b>	<b>6,463</b>	<b>93,791</b>

For the six months ended 30 June 2024, depreciation expense of RMB15.8 million and RMB2.1 million has been charged to "cost of sales" and "administrative expenses" respectively.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 15 Leases

	Properties RMB'000	Vehicles and others RMB'000	Total RMB'000
<b>Right-of-use assets</b>			
As at 31 December 2023	62,548	1,842	64,390
Additions	18,998	937	19,935
Depreciation charges	(9,025)	(689)	(9,714)
Disposals	(10,468)	–	(10,468)
<b>As at 30 June 2024</b>	<b>62,053</b>	<b>2,090</b>	<b>64,143</b>
		<b>30 June 2024 RMB'000</b>	<b>31 December 2023 RMB'000</b>
<b>Lease liabilities</b>			
Current		<b>21,799</b>	18,432
Non-current		<b>104,349</b>	100,003
		<b>126,148</b>	118,435

For the six months ended 30 June 2024, depreciation expense of RMB1.0 million and RMB8.7 million has been charged to “cost of sales” and “administrative expenses” respectively.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 16 Intangible assets

	Goodwill RMB'000 (note(a))	Customer relationships RMB'000	Software and others RMB'000	Total RMB'000
<b>As at 31 December 2023</b>				
Cost	1,687,536	410,374	321,222	2,419,132
Accumulated amortisation	–	(196,491)	(142,042)	(338,533)
Accumulated impairment	(472,690)	–	(6,653)	(479,343)
<b>Net book amount</b>	<b>1,214,846</b>	<b>213,883</b>	<b>172,527</b>	<b>1,601,256</b>
<b>Half-year ended 30 June 2024</b>				
Opening net book amount	1,214,846	213,883	172,527	1,601,256
Additions	–	–	10,419	10,419
Amortisation	–	(26,813)	(24,575)	(51,388)
Impairment	–	–	(294)	(294)
<b>Closing net book amount</b>	<b>1,214,846</b>	<b>187,070</b>	<b>158,077</b>	<b>1,559,993</b>
<b>As at 30 June 2024</b>				
Cost	1,687,536	410,374	331,641	2,429,551
Accumulated amortisation	–	(223,304)	(166,617)	(389,921)
Accumulated impairment	(472,690)	–	(6,947)	(479,637)
<b>Net book amount</b>	<b>1,214,846</b>	<b>187,070</b>	<b>158,077</b>	<b>1,559,993</b>

For the six months ended 30 June 2024, amortisation expense of RMB38.3 million and RMB13.1 million has been charged to “cost of sales” and “administrative expenses” respectively.

- (a) As there were no indicators for impairment of the cash-generating units as at 30 June 2024, management has not updated any impairment calculations.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 17 Investments accounted for using the equity method

	30 June 2024 RMB'000	31 December 2023 RMB'000
Joint ventures (a)	21,508	23,109
Associates (b)	31,968	33,574
	<b>53,476</b>	<b>56,683</b>

### (A) INVESTMENTS IN JOINT VENTURES

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
At 1 January	23,109	22,561
Share of (loss)/profits of joint ventures	(1,601)	2,300
At 30 June	<b>21,508</b>	<b>24,861</b>

### (B) INVESTMENTS IN ASSOCIATES

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
At 1 January	33,574	37,730
Dividends declared	(361)	–
Share of (loss)/profits of associates	(1,245)	815
At 30 June	<b>31,968</b>	<b>38,545</b>



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 18 Trade and other receivables

	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
Non-current –		
Other receivables (ii)	<b>368,596</b>	53,223
Less: loss allowance (iii)	<b>(141,222)</b>	(2,465)
<b>Non-current total</b>	<b>227,374</b>	50,758
Current –		
Trade receivables (i)	<b>6,479,246</b>	5,909,312
Other receivables (ii)	<b>682,129</b>	971,836
	<b>7,161,375</b>	6,881,148
Less: loss allowance (iii)	<b>(3,567,311)</b>	(2,614,262)
<b>Current total</b>	<b>3,594,064</b>	4,266,886

As at 30 June 2024 and 31 December 2023, the carrying amounts of the Group's trade and other receivables were all denominated in RMB.

- (i) Trade receivables mainly arise from rendering of property management services managed under lump sum basis, operational services and value-added services. Revenue from property management and operational services, community living services, value-added services to non-property owners are due for payment upon rendering of service. As at 30 June 2024, the Group's trade receivables from related parties were amounted to approximately RMB3,317.61 million (31 December 2023: approximately RMB3,416.82 million) and trade receivables from the third parties were amounted to approximately RMB3,161.63 million (31 December 2023: approximately RMB2,492.50 million), respectively. The ageing analysis of trade receivables based on dates of rendering of services is as follows:

	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
Within 1 year	<b>2,168,708</b>	1,816,692
1 to 2 years	<b>708,349</b>	1,410,901
2 to 3 years	<b>2,566,025</b>	2,427,805
3 to 4 years	<b>941,487</b>	194,944
4 to 5 years	<b>59,910</b>	27,200
Over 5 years	<b>34,767</b>	31,770
	<b>6,479,246</b>	5,909,312

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 18 Trade and other receivables (Continued)

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

The Group assesses on a forward-looking basis the expected credit losses (“ECL”) associated with its debt instruments carried at amortised cost. As at 30 June 2024, out of total provision of approximately RMB3,567 million (31 December 2023: RMB2,614 million) for trade and other receivables in current portion, a provision of approximately RMB3,303 million (31 December 2023: approximately RMB2,435 million) was made against the gross amounts of trade receivables. Note 5.2 provides for details about the calculation of the allowance.

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

Other receivables from related parties including refundable deposits for car park agency services are considered to have been credit impaired in credit risk since initial recognition. The Group applied the lifetime ECL at stage 3 to determine the loss allowance to be recognised. As at 30 June 2024, a provision of RMB390.75 million (31 December 2023: RMB167.66 million) was made against the gross amounts of other receivables. Note 5.2 provides for details about the calculation of the allowance.

## 19 Prepayments

	30 June 2024 RMB'000	31 December 2023 RMB'000
Non-current –		
Prepayments for property, plant and equipment and intangible assets	2,989	3,375
Current –		
Prepayments for completed properties	50,000	–
Prepayments for utilities	1,960	3,044
Prepayments for short-term rental fees	5,793	5,103
Others	24,226	22,929
	<b>81,979</b>	<b>31,076</b>

As at 30 June 2024 and 31 December 2023, the carrying amounts of the Group's prepayments were all denominated in RMB.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 20 Cash and cash equivalents and bank deposits

Cash on hand and demand deposit:

	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
RMB	2,175,479	3,965,208
HKD	5,044	14,292
USD	4	4
	<b>2,180,527</b>	<b>3,979,504</b>

Bank deposits with the maturity over three months:

	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
RMB	15,000	50,000
HKD	7,099	76,003
	<b>22,099</b>	<b>126,003</b>

## 21 Financial assets at fair value through profit or loss

	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
Non-current – Investment in an unlisted entity	177,735	294,962
Current – Wealth management products (i)	1,160,394	277,378

- (i) As at 30 June 2024, wealth management products represented the investment in certain non-principal guaranteed RMB denominated wealth management products, which had an expected average interest rate of 3.10% per annum. For wealth management products with fixed maturity date, their maturity dates did not exceed the end of September.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 22 Share capital

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

## 23 Reserves and treasury shares

	Share premium RMB'000	Statutory reserve RMB'000	Other reserves RMB'000	Total RMB'000
<b>Six months ended 30 June 2024</b>				
<b>Balance at 1 January 2024</b>	7,459,905	165,581	(1,918,400)	5,707,086
Share awards scheme-value of employee services	–	–	5,203	5,203
Dividends to the shareholders of the Company	(448,206)	–	–	(448,206)
Changes in non-controlling shareholders' put option	26,394	–	–	26,394
<b>Balance at 30 June 2024</b>	<b>7,038,093</b>	<b>165,581</b>	<b>(1,913,197)</b>	<b>5,290,477</b>
<b>Six months ended 30 June 2023</b>				
<b>Balance at 1 January 2023</b>	7,886,920	159,820	(1,883,398)	6,163,342
Share awards scheme-value of employee services	–	–	11,441	11,441
Dividends relating to 2022	(427,015)	–	–	(427,015)
Appropriation of statutory reserves	–	405	–	405
<b>Balance at 30 June 2023</b>	<b>7,459,905</b>	<b>160,225</b>	<b>(1,871,957)</b>	<b>5,748,173</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 24 Trade and other payables

	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
Trade payables (i)	1,120,110	1,150,782
Temporary receipt on behalf (ii)	431,584	427,825
Deposit payables	409,742	382,003
Payroll and welfare payables	325,708	414,026
Consideration payable arising from non-controlling shareholders' put option (iii)	210,806	237,200
Other taxes payable	162,482	166,945
Amounts due to related parties (iv)	61,566	71,053
Accruals and others	136,614	187,040
	<b>2,858,612</b>	<b>3,036,874</b>

As at 30 June 2024 and 31 December 2023, trade and other payables were denominated in RMB and the carrying amounts approximated their fair values.

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

	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
Within 1 year	849,516	873,632
1 to 2 years	112,455	193,832
2 to 3 years	150,917	77,916
Over 3 years	7,222	5,402
	<b>1,120,110</b>	<b>1,150,782</b>

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

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

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

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 25 Deferred income tax

### (A) DEFERRED TAX ASSETS

	30 June 2024 RMB'000	31 December 2023 RMB'000
The balance comprises temporary differences attributable to:		
– Impairment provision	809,332	576,980
– Lease liabilities	31,537	29,609
– Tax losses	29,684	23,688
– Accrued expense and others	22,961	21,844
– Dividend tax for PRC entities' distributable profits	8,173	–
– Fair value change	56,144	25,958
<b>Total deferred tax assets</b>	<b>957,831</b>	<b>678,079</b>
Set-off of deferred tax liabilities pursuant to set-off provisions	(30,989)	(29,609)
<b>Net deferred tax assets</b>	<b>926,842</b>	<b>648,470</b>

### (B) DEFERRED TAX LIABILITIES

	30 June 2024 RMB'000	31 December 2023 RMB'000
The balance comprises temporary differences attributable to:		
– Fair value surplus at acquisitions	45,633	51,639
– Right-of-use assets	15,896	16,411
– Lease payments receivable under a finance lease	15,093	14,117
– Fair value change	2,587	838
– Dividend tax for PRC entities' distributable profits	–	15,148
– Others	108	66
<b>Total deferred tax liabilities</b>	<b>79,317</b>	<b>98,219</b>
Set-off of deferred tax liabilities pursuant to set-off provisions	(30,989)	(29,609)
<b>Net deferred tax liabilities</b>	<b>48,328</b>	<b>68,610</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 26 Dividends

No interim dividend for the six months ended 30 June 2024 was proposed by the board of directors of the Company (for the six months ended 30 June 2023: Nil).

## 27 Related party transactions

### (A) MATERIAL TRANSACTIONS WITH RELATED PARTIES

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

#### (i) Rendering of services

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Revenue from provision of properties management services and value-added services		
– Fellow subsidiaries	47,727	99,979
– Associates and joint ventures of Sunac China	45,934	92,308
	<b>93,661</b>	<b>192,287</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 27 Related party transactions (Continued)

### (B) BALANCES WITH RELATED PARTIES BEFORE PROVISION

	30 June 2024 RMB'000	31 December 2023 RMB'000
Trade receivables		
– Fellow subsidiaries	2,760,390	2,822,199
– Associates and joint ventures of Sunac China	557,221	594,616
	<b>3,317,611</b>	3,416,815
Other receivables		
– Fellow subsidiaries	686,903	691,133
– Associates and joint ventures of Sunac China	50,906	52,872
	<b>737,809</b>	744,005
Trade and other receivables	<b>4,055,420</b>	4,160,820
Trade and other payables		
– Fellow subsidiaries	67,946	69,248
– Associates and joint ventures of Sunac China	13,919	14,066
	<b>81,865</b>	83,314
Contract liabilities		
– Fellow subsidiaries	1,555	4,916
– Associates and joint ventures of Sunac China	1,764	1,555
	<b>3,319</b>	6,471
Prepayment		
– Fellow subsidiaries	50,389	528
– Associates and joint ventures of Sunac China	21	–
	<b>50,410</b>	528

### (C) KEY MANAGEMENT COMPENSATION

Compensations for key management are set out below.

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Wages, salaries and discretionary bonuses	8,304	12,203
Social insurance expenses, housing benefits and other employee benefits	474	342
Share awards	4,042	5,400
	<b>12,820</b>	17,945





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