

DESUN 德商产投服务

创 造 美 好 福 流 生 活

德 商 产 投 服 务 集 团 有 限 公 司

DESUN REAL ESTATE INVESTMENT SERVICES GROUP CO., LTD.

(incorporated in the Cayman Islands with limited liability)

Stock Code : 2270

INTERIM REPORT
2022



Desun
Flow Life

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DEFINITIONS

“Audit Committee”	the audit committee of the Board
“Board”	the board of directors of the Company
“CEO” or “Chief Executive Officer”	chief executive officer of the Company
“CG Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“Chengdu Desun”	Chengdu Desun Real Estate Investment Property Service Co., Ltd (成都德商產投物業服務有限公司), formerly known as Chengdu Desun Investment Management Co., Ltd. (成都德商投資管理有限公司) at the time of establishment, a company incorporated in the PRC on 12 March 2010 and an indirect wholly owned subsidiary of our Company
“Chief Financial Officer”	chief financial officer of the Company
“China” or “PRC”	People’s Republic of China, but for the purpose of this report and for geographical reference only and except where the context requires otherwise, references in this report to “China” and the “PRC” do not apply to Hong Kong, Macau and Taiwan
“Company” or “Our Company”	Desun Real Estate Investment Services Group Co., Ltd. (德商產投服務集團有限公司) (formerly known as Desun Real Estate Investment Services Limited), an exempted company incorporated in the Cayman Islands with limited liability on 10 December 2020
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules and, unless the context requires otherwise, refers to Mr. Zou Kang, Ms. Zou Jian, Sky Donna and Pengna Holding
“Desun Group”	Companies in which Mr. Zou Kang has control or joint control, and has significant influence
“Director(s)”	the directors of the Company
“GFA”	gross floor area
“GFA under management”	contracted GFA of properties that have been delivered, or are ready to be delivered, for which we have started to provide property management services
“Global Offering”	the Hong Kong public offering and the international offering of the Shares

“Group”, “our Group”, “our”, “we” or “us”	the Company, its subsidiaries and consolidated affiliated entities from time to time or, where the context so requires, in respect of the period prior to the Company becoming the holding company of its present subsidiaries and consolidated affiliated entities, such subsidiaries and consolidated affiliated entities as if they were subsidiaries and consolidated affiliated entities of our Company at the relevant time
“HK\$”	the lawful currency of Hong Kong
“Listing”	the listing of the shares on the Main Board of the Stock Exchange
“Listing Date”	17 December 2021, being the date of listing of the shares of the Company on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“Nomination Committee”	the nomination committee of the Board
“Pengna Holding”	Pengna Holding Limited, a company incorporated in the BVI on 4 December 2020 with limited liability, which is wholly owned by Ms. Zou Jian
“Pre-IPO Share Option(s)”	the share options granted under the Pre-IPO Share Option Scheme
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme effective as of 27 April 2021
“Prospectus”	the prospectus of the Company dated 30 November 2021
“Remuneration Committee”	the remuneration committee of the Board
“Reporting Period”	the six months ended 30 June 2022
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary shares in the share capital of our Company with a nominal value of US\$0.0001 each
“Shareholder(s)”	holder(s) of our Share(s)



DEFINITIONS

“Sky Donna”	Sky Donna Holding Limited, a company incorporated in the BVI on 4 December 2020 with limited liability, which is wholly owned by Mr. Zou Kang and is one of the Controlling Shareholders
“sq.m.”	square meters
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“value-added services for property owners”	include value-added services provided to property owners and tenants
“Zhongneng”	Chengdu Zhongneng Property Management Company Limited (成都中能物業管理有限責任公司), a company incorporated with limited liability in the PRC on 16 May 2006 and an indirect wholly owned subsidiary of our Company
“Zhongneng Group”	Zhongneng and its subsidiary

CORPORATE INFORMATION



BOARD OF DIRECTORS

Non-executive Director

Mr. Zou Kang

Executive Directors

Mr. Zhang Zhicheng

(Chairman and Chief Executive Officer)

Mr. Zhang Qiang

(resigned as executive Director on 12 July 2022)

Ms. Xiong Jianqiu

Ms. Wan Hong

Mr. Wu Da

(resigned as executive Director on 12 July 2022)

Mr. Liu Jun

(appointed as executive Director on 12 July 2022)

Mr. Shao Jiazhen

(appointed as executive Director on 12 July 2022)

Independent Non-executive Directors

Mr. Fang Liqiang

Mr. Chen Di

Mr. Yan Hong

AUDIT COMMITTEE

Mr. Yan Hong *(Chairman)*

Mr. Chen Di

Mr. Fang Liqiang

REMUNERATION COMMITTEE

Mr. Fang Liqiang *(Chairman)*

Mr. Yan Hong

Ms. Wan Hong

NOMINATION COMMITTEE

Mr. Zhang Zhicheng *(Chairman)*

Mr. Fang Liqiang

Mr. Chen Di

AUTHORISED REPRESENTATIVES

Ms. Wan Hong

Ms. Ng Ka Man

REGISTERED OFFICE

190 Elgin Avenue

George Town

Grand Cayman KY1-9008

Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Room 1803, Block A

Desun International

No. 1480 North Section of

Tianfu Avenue High-tech Industrial Development Zone

Chengdu

China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F., Tower Two

Times Square

1 Matheson Street

Causeway Bay

Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Walkers Corporate Limited

190 Elgin Avenue

George Town

Grand Cayman KY1-9008

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

AUDITOR

Ernst & Young

Certified Public Accountants

Registered Public Interest Entity Auditor

27/F, One Taikoo Place

979 King's Road

Quarry Bay, Hong Kong



CORPORATE INFORMATION

JOINT COMPANY SECRETARIES

Ms. Wan Hong

Ms. Ng Ka Man (*ACG, HKACG*)

LEGAL ADVISERS

As to Hong Kong law:

Jingtian & Gongcheng LLP

Suites 3203–3207, 32/F, Edinburgh Tower

The Landmark

15 Queen's Road Central

Hong Kong

PRINCIPAL BANKERS

China CITIC Bank, Chengdu Branch

China Construction Bank, Chengdu Third Branch

Industrial and Commercial Bank of China,

Chengdu Branch

COMPANY WEBSITE

www.desunhui.com

STOCK CODE

2270

DATE OF LISTING

17 December 2021

COMPLIANCE ADVISER

Shenwan Hongyuan Capital (H.K.) Limited

Level 19, 28 Hennessy Road

Wan Chai, Hong Kong

CHAIRMAN'S STATEMENT



Dear Shareholders,

Thank you for your continuing support for the development of the Group. On behalf of the Board, I am pleased to present the interim report of the Group for the six months ended 30 June 2022.

In the first half of 2022, in view of various challenges arising from the external environment, the Group has always adhered to long-termism, maintained strategic focus and achieved steady and high-quality development. During the Reporting Period, the Group's revenue increased by approximately 19.2% from the corresponding period in 2021 to approximately RMB126.0 million; gross profit increased by approximately 4.0% from the corresponding period in 2021 to approximately RMB44.40 million, and profit after tax increased by approximately 105.4% from the corresponding period in 2021 to approximately RMB26.0 million.

I would like to express my special thanks to all the Shareholders for their continuing support and loyalty to the Group, and my sincere thanks also go to all my colleagues for their efforts and devotion.

DIVERSIFIED MOMENTUM ENABLING SUSTAINED AND STABLE GROWTH IN SCALE

Since its listing in the stock market in Hong Kong last year, the Group has shown a stable development trend by virtue of its advantages of synergistic development with Desun Group and its diversified business networks, including the comprehensive commercial operational services. For the first half of 2022, the Group saw further growth in both contracted GFA and GFA under management. The Group had 65 contracted projects in aggregate with total contracted GFA of approximately 10.8 million sq.m., representing an increase of approximately 30.3% as compared to that during the corresponding period in 2021; and the Group had 42 projects under management, representing an improvement in management scale with increasing growth momentum.

In establishing its presence in the industry, the Group forges ahead with in-depth development in a surefooted manner. As of 30 June 2022, the Group had GFA under management of approximately 6.2 million sq.m. in China, representing an increase of approximately 28.3% from the corresponding period in 2021, including residential projects of approximately 3.1 million sq.m. and non-residential properties of approximately 3.2 million sq.m. The Group's operations are primarily concentrated in Chengdu and other core areas with high economic vitality in China, which further consolidates the market foundation for the Group to focus on high-end properties. As of 30 June 2022, the ratio of the Group's contracted GFA to GFA under management was 1.73, demonstrating a strong potential in scale growth.

The non-residential sector, covering office buildings, shopping malls and streets, and industrial parks, has become a major focus and main target for us to expand market. Particularly in terms of customer services, we have always been oriented to customer satisfaction and customer needs, and for a long time, we have continuously expanded service scope and provided high-quality comprehensive services with our professional product operation capabilities and meticulous service experience. As the Group's service in the non-residential sector improves gradually, the Company's GFA under management has maintained a stable growth trend.

While expanding and strengthening management scale, the Group actively responds to national policies, adheres to a customer-oriented approach, and continues to innovate business models. In addition to focusing on customer asset services, expanding the scope of operation services, exploring real estate agency services and asset management services and providing business operation services to property owners, the Company also promotes home decoration and comprehensive life services.



CHAIRMAN'S STATEMENT

FOCUSING ON BUSINESS PLANNING TO FURTHER OPTIMIZE REVENUE STRUCTURE

While revenue grows, the Group's revenue structure is being optimized continuously. In terms of property management services, during the Reporting Period, revenue from the Group's property management services increased by approximately 21.8% as compared to that during the corresponding period in 2021 to approximately RMB67.0 million, of which approximately RMB32.1 million or approximately 25.5% was generated from residential property management services. Non-residential operating income is becoming a major revenue source of the Group and maintains a stable growth. For the first half of 2022, revenue from non-residential properties amounted to approximately RMB34.8 million, accounting for approximately 27.7% of total revenue, including approximately RMB16.1 million, RMB11.4 million and RMB7.3 million from office buildings, shopping malls and street blocks and industrial parks, respectively.

In developing the value-added services business, the Group focuses on the whole-industry value chain services, contributing to the continuous growth of value-added services business. For the first half of 2022, revenue from the Group's value-added services increased by approximately 16.4% as compared to that during the corresponding period in 2021 to approximately RMB59.0 million, accounting for approximately 46.8% of total revenue. Among these, revenue from non-property owner value-added services increased by approximately 20.4% from the first half of 2021 to approximately RMB48.0 million for the first half of 2022. Compared with property management services, the value-added services business has a higher gross profit margin, which can not only improve the overall profitability of the Company, but also help the Company create diversified revenue curves and enhance its risk resistance capacity. As shown in the financial results, for the first half of 2022, the Group's value-added services business contributed approximately 55.8% of its gross profit, representing a slight increase over that for the corresponding period in 2021.

DIVERSIFIED SERVICE SYSTEMS TO BUILD DIFFERENTIATED COMPETITIVENESS

As an integrated service provider of mid- to high-end property management services and commercial operational services, the Group has rapidly grown into a benchmarking enterprise in respect of high-end property services with its excellent quality, cable of providing high-quality and intelligent services for multiple business types, such as residences, industrial parks, and urban operation services. On this basis, in recognition of its position in the industry, the Company has been awarded by many organizations and medias as "One of the China's Leading Enterprise for High-end Property Services" (中國高端物業服務領先企業之一), "Leading Enterprise of the Property Service Market in the Western Region 2021" (2021西部區域物業服務市場地位領先企業), "Top 100 China Property Service Enterprise-Brand Power 2022" (2022中國物業服務企業品牌力100強) (No. 53), "2021 China (Sichuan) Property Owners' Most Trusted Property Brand" (2021中國(四川)業主最信賴物業品牌).

In respect of customer services, the recurring COVID-19 pandemic has made property service enterprises fight on the front line of the pandemic time and time again. In light of the government call, with quick deployment and active response, we have maintained normalized management, while supporting the relevant association and the community to implement relevant anti-pandemic work to build a solid "anti-pandemic wall" for property owners and community residents as a testimony of our professionalism and responsibility, which has been praised and recognized by customers and all walks of society. Going forward, we will continue to leverage the Group's diversified services, efficient resource allocation, innovative service solutions and various value-added services to achieve outstanding customer satisfaction.

Looking forward, we will establish diversified service systems covering property management services and commercial operational services, and will focus on asset value management and user service experience to implement a sustainable growth strategy with operation-based comprehensive competitiveness. The Company plans to identify asset value management and service enterprises complementary to its advantages with certain scale and profitability, and cooperate with them in various forms, including acquisition, investment or joint venture.

The strategic investments and acquisitions above will help the Group to diversify its service products and expand its business portfolio, improve its ability to provide comprehensive solutions to urban asset operation services and quickly reduce its dependence on the industry. With the roll-out of mergers and acquisitions and investment activities, along with its organic growth, the Group is expected to achieve high-quality development.

Halfway through 2022, we are grateful to all shareholders and stakeholders for their trust and support, and to all employees for their hard work and devotion. Against the backdrop of various uncertainties, we will shoulder the mission of “creating desirable and blessed living” (創造美好福流生活), keep pace with the times, adhere to long-termism and resilient development and deepen our service and operation capabilities in order to continue to deliver outstanding experience to our customers and create investment value for Shareholders.

Zhang Zhicheng

Chairman, Chief Executive Officer and Executive Director

Chengdu, 29 August 2022



MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

2022 marks the second year of the “14th Five-Year Plan” period. Particularly, in the outline of the “14th Five-Year Plan”, it was specified that the development, service quality, coverage and standardization of the property management industry shall be further improved. In February 2022, the State Council issued the “Notice on the 14th Five-Year Plan for the Development of the National Aging Cause and Elderly Care Service System” (《「十四五」國家老齡事業發展和養老服務體系規劃的通知》), pursuant to which, during the “14th Five-Year Plan” period, China shall establish a general institutional framework in respect of the national strategy on addressing the problem of aging population, further improving the elderly care service system and the health supporting system which coordinate home-based community institutions, medical care, and health care, and form an initial pattern of the whole society actively responding to the problem of aging population. The plan supports the property enterprises to cooperate with community elderly care service institutions to provide home-based elderly care services; directs property enterprises to extend the scope of cleaning services from public areas to the families of the elderly; and organizes and instructs property enterprises, retail service providers and social work service agencies to expand into elderly services.

In February 2022, Beijing issued the “Notice on the Pilot Program of ‘Property Services + Elderly Services’” (《關於開展「物業服務+養老服務」試點工作的通知》). Yunnan issued the “14th Five-Year Plan for Nursing Development in Yunnan Province (Draft for Comment)” (《雲南省「十四五」托育發展規劃(徵求意見稿)》). Shanghai issued the “Implementation Plan for Promoting High-Quality Development of Pension and Nursing Services in Shanghai” (《上海市促進養老托育服務高質量發展實施方案》). Guangzhou issued the “Guangzhou Administrative Measures for Property Maintenance Fund” (《廣州市物業專項維修資金管理辦法》) to standardize the management of property maintenance funds. Guangdong issued the “Notice on Further Promoting the Standardization and Improvement of Quality and Effect of Old and Obsolete Residential Community Renovation” (《關於進一步促進城鎮老舊小區改造規範化提升質量和效果的通知》). In Shenzhen, the “Administrative Measures for Shenzhen Community Residents Committee Acting on behalf of Property Owner Committee (Trial) (Draft for Comment)” (《深圳市社區居民委員會代行住宅區業主委員會職責管理辦法(試行)(徵求意見稿)》) was issued to solicit opinions from all walks of life. In Hangzhou, the “Implementation Measures for the Establishment and Operation of Hangzhou Property Management Committee (Trial)” (《杭州市物業管理委員會組建運行實施辦法(試行)》) was issued. In May 2022, the Office of Chengdu Municipal Government issued “Several Measures on Accelerating the Development of Elderly Care Services” (《關於加快推進養老服務發展若干措施》), further highlighted the value of property companies.

In May 2022, the General Office of the Ministry of Housing and Urban-Rural Development (住房城鄉建設部辦公廳) and the Office of the State Post Bureau (國家郵政局辦公室) jointly issued the “Notice on Ensuring Delivery Services during Pandemic Prevention and Control” (《關於做好疫情防控期間寄遞服務保障工作的通知》), which incorporated property service enterprises into the local pandemic prevention and control system. Subsequently, the Beijing Municipal Commission of Housing and Urban-Rural Development (北京市住房和城鄉建設委員會) issued the “Notice on Further Strengthening the Protection of Relevant Personnel in Pandemic Prevention and Control for Residential Property Service Projects” (《關於進一步加強住宅物業服務項目疫情防控中從業人員防護的通知》), incorporating the pandemic prevention and control of the residential property service projects in Beijing into the community prevention and control system.

* For identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS



In June 2022, China introduced a series of child care policies. The Ministry of Housing and Urban-Rural Development (住房城鄉建設部辦公廳) issued the “Guidelines for the Construction of Urban Child-Friendly Spaces (Trial)” (draft for comments)* (《城市兒童友好空間建設導則(試行)》(徵求意見稿)) to promote the construction of urban child-friendly spaces from three levels, i.e., city, district and community. The Department of Population Surveillance and Family Development (國家衛生健康委人口家庭司) of the National Health Commission (國家衛生健康委員會) held a meeting on the promotion of child care work, which mandates the achievement of the “14th Five-Year Plan” target in respect of the child care capacity per 1,000 people, accelerating the implementation of the national childcare construction plan and organizing the development of national demonstration cities for infant and young children care services. It is envisaged that the strong policy support as detailed above would provide the necessary drivers and opportunities for the property management industry to grow, which will benefit the business development and operation of the Group in the process.

BUSINESS REVIEW

Our Group is an integrated property management services and commercial operational services provider in Chengdu, Sichuan Province, the PRC, offering a wide array of services to cater for different needs of customers of various types of properties, including residential properties, shopping street and other commercial properties, industrial parks and office buildings since 2010. Focusing on the needs of customers in the real estate industry chain, we provide comprehensive property management and value-added services covering market research, tenant sourcing, management of sales offices, quality assurance and maintenance, and commercial operational services to realise properties’ asset value. We ranked 54th among the “Top 100 Property Services Companies in China” (中國物業服務百強企業) in 2021 and we were named as one of the “China’s Leading Enterprises for High-end Property Services” (中國高端物業服務領先企業) by China Index Academy in the same year. We were further named as the “Leading Enterprise of the Property Service Market in the Western Region in 2021” (2021 西部區域物業服務市場地位領先企業) by China Index Academy in November 2021.

We have invested and plan to continue to invest significant resources in systemic work-flows and technology to support our growth strategy, improve our productivity and bring better experiences for our customers. We have built a scalable platform that is well positioned to execute our growth strategy focused on: (i) meeting the growing properties service needs of residents pursuing higher quality lifestyles; (ii) creating asset value for shopping street and other commercial properties owners; and (iii) improving operation environment for enterprises in industrial parks and office buildings. Our proven track record of operational performance well-positioned us to capitalise on the outstanding potential and growing real estate services industry in the Sichuan Province.

As of 30 June 2022, the Group recorded revenue of approximately RMB126.0 million, representing an increase of approximately 19.2% compared to the corresponding period in 2021; gross profit of approximately RMB44.4 million, representing an increase of approximately 4.0% compared to the corresponding period in 2021; and gross profit margin of approximately 35.2%, representing a period-on-period decrease of approximately 5.1 percentage points compared to approximately 40.4% for the corresponding period in 2021. The Group recorded net profit after tax for the six months ended 30 June 2022 of approximately RMB26.0 million, representing an increase of approximately 105.4% compared to approximately RMB12.6 million for the corresponding period in 2021.

As at 30 June 2022, we managed 42 properties in the PRC with a total GFA under management of approximately 6.2 million sq.m., representing an increase of approximately 28.3% as compared to approximately RMB4.9 million sq.m. in the corresponding period in 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY MANAGEMENT SERVICES AND VALUE-ADDED SERVICES

Our Group serves our customers through management and operation of their properties across four sectors — (i) residential property management services; (ii) non-residential property management services; (iii) value-added services for non-property owners; and (iv) value-added services for property owners.

Property Management Services

Our Group provides management services, including security, cleaning, greening and gardening services, as well as repair and maintenance services to (i) property developers for properties prior to their delivery, and (ii) property owners, property owners' associations or residents for properties sold and delivered. As at 30 June 2022, our Group managed 42 properties with an aggregate GFA under management of approximately 6.2 million sq.m., with the majority of the properties located in Chengdu.

We managed a portfolio of properties comprising residential properties and non-residential properties. Non-residential properties mainly comprise office buildings, shopping malls and streets, and industrial parks. During the Reporting Period, we generated the majority of our property management service revenue from managing non-residential properties, which will continue to account for a significant portion of our revenue stream in the near future.

The following table sets forth the number of properties and GFA under our management, as well as the number of properties we were contracted to manage and the corresponding contracted GFA as at the dates indicated.

	As at 30 June	
	2022	2021
Number of properties we were contracted to manage ⁽¹⁾	65	55
Contracted GFA (sq.m. in thousands)	10,785.0	8,275.4
Number of properties under management ⁽²⁾	42	34
GFA under management (sq.m. in thousands)	6,247.0	4,870.9

Notes:

- (1) Refers to all properties which we have entered into the relevant operating property management service agreements, which may, in addition to properties under management, also include properties that have not been delivered to us for property management purposes.
- (2) Refers to properties that have been delivered to us for property management purposes.

MANAGEMENT DISCUSSION AND ANALYSIS



The following table illustrates the revenue from property management services and GFA under management by type of properties for the periods indicated:

	For the six months ended 30 June 2022				For the six months ended 30 June 2021			
	Revenue <i>RMB'000</i>	Revenue %	GFA under management <i>sq.m.'000</i>	GFA under management %	Revenue <i>RMB'000</i>	Revenue %	GFA under management <i>sq.m.'000</i>	GFA under management %
Residential properties	32,149	48.0	3,059.0	49.0	21,201	38.5	2,301.0	47.2
Non-residential properties	34,879	52.0	3,187.9	51.0	33,849	61.5	2,569.9	52.8
Office buildings	16,115	24.0	249.4	4.0	17,714	32.2	298.9	6.2
Shopping malls and streets	11,419	17.0	1,637.3	26.2	9,997	18.2	1,544.7	31.7
Industrial parks	7,345	11.0	1,301.2	20.8	6,138	11.1	726.3	14.9
Total	67,028	100.0	6,247.0	100.0	55,050	100.0	4,870.9	100.0

Value-Added Services

Our Group provides value-added services to property owners and non-property owners. The value-added services to property owners primarily consist of (i) owners' asset-related services, including real estate agent services and asset management services; (ii) commercial operational services provided to property owners; (iii) property resources management services, including advertisements in residential communities, commercial properties and industrial parks; (iv) home refurbishment services; and (v) integrated community related services, including community group bulk purchases and travel agency services.

On the other hand, we also offer a range of value-added services to non-property owners, which primarily include property developers and tenants of shopping street and other commercial properties. These services include (i) pre-delivery and sales assistance services; (ii) assets management services; and (iii) commercial operational services.

FINANCIAL REVIEW

Revenue

We derived our revenue from: (i) residential property management services; (ii) non-residential property management services; (iii) value-added services for non-property owners; and (iv) value-added services for property owners.

MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets forth the revenue by business line for the periods indicated:

	For the six months ended 30 June 2022		For the six months ended 30 June 2021		Change	
	RMB'000	%	RMB'000	%	RMB'000	%
Property management services	67,028	53.2	55,050	52.1	11,978	21.8
– Residential property management services	32,149	25.5	21,201	20.1	10,948	51.6
– Non-residential property management services	34,879	27.7	33,849	32.0	1,030	3.0
Value-added services	58,980	46.8	50,691	47.9	8,289	16.4
– for non-property owners	47,952	38.0	39,838	37.7	8,114	20.4
– for property owners	11,028	8.8	10,853	10.2	175	1.6
Total	126,008	100.0	105,741	100.0	20,267	19.2

Overall revenue increased by approximately RMB20.3 million, or approximately 19.2% from approximately RMB105.7 million for the six months ended 30 June 2021 to approximately RMB126.0 million for the six months ended 30 June 2022, such growth was primarily driven by (i) the increase in the overall GFA under management from the organic growth of the business of the Group; (ii) the increase in the GFA under management of residential property and the gradual delivery of the residential properties, which led to the increase in the revenue arising from property management services; (iii) the new projects launched by Desun Group which led to the increase in pre-delivery and sales assistance services; and (iv) the increase in interior design, decorating services and furnishing services rendered. The Group's GFA under management increased by approximately 28.3% from approximately 4.9 million sq.m. as at 30 June 2021 to approximately 6.2 million sq.m. as at 30 June 2022 and the number of property management projects increased from 34 to 42, respectively.

Property management services

Property management services primarily include property management service fees for (i) providing security, cleaning, greening and gardening, repair and maintenance services to residential properties; and (ii) providing security, cleaning, greening and gardening and parking management services, retail and maintenance services to non-residential properties, such as shopping malls and shopping streets, industrial parks and office buildings.

- **Revenue from residential property management services.** Revenue from residential property management services increased by approximately 51.6% to approximately RMB32.1 million for the six months ended 30 June 2022 from approximately RMB21.2 million for the six months ended 30 June 2021, primarily attributable to the increase in number of residential properties being delivered as the relevant property development projects approached completion during the six months ended 30 June 2022, such that the Group could start charging service fees for the property management services rendered for these newly delivered properties, leading to the increase in revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

- **Revenue from non-residential property management services.** Revenue from non-residential property management services increased by approximately 3.0% to approximately RMB34.9 million for the six months ended 30 June 2022 from approximately RMB33.8 million for the six months ended 30 June 2021, primarily attributable to (i) the increase in the total GFA under property management of non-residential properties to approximately 3.2 million sq.m. as at 30 June 2022 from approximately 2.6 million sq.m. as at 30 June 2021, which were contributed by our organic growth and new property management service projects taken up for commercial properties and shopping streets and industrial parks; and (ii) as a result of the gradual control of the COVID-19 pandemic in the PRC and the gradual recovery of the industry, the overall operation environment was improved and businesses could be comprehensively carried out. In light of the above and in conjunction with the enhancement of our upgrade and renewal services for commercial projects, the tenancy rate of commercial properties and shopping streets under our management increased during the six months ended 30 June 2022.

Value-added services

Revenue from value-added services are generated from two categories, including (i) value-added services provided to non-property owners and (ii) value-added services provided to property owners and tenants, which amounted to approximately RMB48.0 million and approximately RMB11.0 million, respectively, for the six months ended 30 June 2022.

- **Revenue from value-added services for non-property owners.** Revenue from value-added services for non-property owners increased by approximately 20.4% to approximately RMB48.0 million for the six months ended 30 June 2022 from approximately RMB39.8 million for the six months ended 30 June 2021, primarily due to (i) new projects launched by Desun Group since the second half of 2021, and the resulting increase in revenue from pre-delivery and sales assistance services; and (ii) the increase in interior design, decorating services and furnishing services rendered for the six months ended 30 June 2022.
- **Revenue from value-added services for property owners.** Revenue from value-added services for property owners remained relatively stable, being approximately RMB10.9 million and approximately RMB11.0 million for the six months ended 30 June 2021 and 30 June 2022, respectively, as we maintained the business scale and operation of our value-added services for property owners.

Cost of Sales

Cost of sales of our Group primarily comprises (i) staff costs; (ii) subcontracting costs; (iii) utility costs; (iv) depreciation and amortisation; (v) canteen costs; (vi) maintenance costs; (vii) rental and (viii) others, which primarily includes insurance premium expenses and consultancy fees.

Our cost of sales increased by approximately 29.4% to approximately RMB81.6 million for the six months ended 30 June 2022 from approximately RMB63.1 million for the six months ended 30 June 2021, primarily due to (i) the increase of our subcontracting costs from approximately RMB16.8 million during the six months ended 30 June 2021 to approximately RMB24.3 million during the six months ended 30 June 2022, as a result of the increase of total GFA under management; and (ii) the increase of staff costs from approximately RMB32.0 million during the six months ended 30 June 2021 to approximately RMB35.4 million during the six months ended 30 June 2022, as a result of the increase in average salary and the offering of more attractive remuneration package to attract talents to join the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit and Gross Profit Margin

The table below sets forth the Group's gross profit and gross profit margin by business line for the periods indicated:

	For the six months ended 30 June					
	2022		2021		Change	
	Gross Profit RMB'000	Gross Profit Margin %	Gross Profit RMB'000	Gross Profit Margin %		
Property management services	19,628	29.3	18,976	34.5	652	3.4
– Residential property management services	10,824	33.7	8,540	40.3	2,284	26.7
– Non-residential property management services	8,804	25.2	10,436	30.8	(1,632)	(15.6)
Value-added services	24,754	42.0	23,702	46.8	1,052	4.4
– for non-property owners	21,280	44.4	20,165	50.6	1,115	5.5
– for property owners	3,474	31.5	3,537	32.6	(63)	(1.8)
Total	44,382	35.2	42,678	40.4	1,704	4.0

Our overall gross profit increased by approximately RMB1.7 million, or approximately 4.0% from approximately RMB42.7 million for the six months ended 30 June 2021 to approximately RMB44.4 million for the six months ended 30 June 2022, whereas our gross profit margin decreased from approximately 40.4% for the six months ended 30 June 2021 to approximately 35.2% for the six months ended 30 June 2022.

Property management services

Gross profit for our property management services increased by approximately RMB0.7 million, or approximately 3.4% from approximately RMB19.0 million for the six months ended 30 June 2021 to approximately RMB19.6 million for the six months ended 30 June 2022, whereas the gross profit margin decreased from approximately 34.5% for the six months ended 30 June 2021 to approximately 29.3% for the six months ended 30 June 2022.

- **Residential property management services.** Our gross profit margin for residential property management services decreased to approximately 33.7% for the six months ended 30 June 2022 from approximately 40.4% for the six months ended 30 June 2021 primarily because (i) the increase in subcontracting costs incurred as a result of the increase in the GFA under management for the six months ended 30 June 2022; and (ii) the increase in average salary of our employees during the six months ended 30 June 2022.
- **Non-residential property management services.** Our gross profit margin for non-residential property management services decreased to approximately 25.2% for the six months ended 30 June 2022 from approximately 30.8% for the six months ended 30 June 2021 primarily due to (i) the increase in subcontracting costs and employee costs; and (ii) the increase in material costs, project maintenance costs and energy costs as a result of further improving the quality of our non-residential property management services rendered.



Value-added services

Gross profit for our value-added services increased by approximately RMB1.1 million, or approximately 4.4% from approximately RMB23.7 million for the six months ended 30 June 2021 to approximately RMB24.8 million for the six months ended 30 June 2022, whereas the gross profit margin decreased from approximately 46.8% for the six months ended 30 June 2021 to approximately 42.0% for the six months ended 30 June 2022.

- **Value-added services for non-property owners.** Our gross profit margin for value-added services for non-property owners decreased to approximately 44.4% for the six months ended 30 June 2022 from approximately 50.6% for the six months ended 30 June 2021 primarily due to (i) the increase in average salary of our employees during the six months ended 30 June 2022; and (ii) along with the expansion of our furnishing services business, some of the new furnishing service projects undertaken by the Group during the six months ended 30 June 2022 had relatively lower gross profit margin, which as a result lowered the overall gross profit margin for value added services for non-property owners during the said period.
- **Value-added services for property owners.** Our gross profit margin for value-added services for property owners remained relatively stable and recorded approximately 32.6% for the six months ended 30 June 2021 and approximately 31.5% for the corresponding period in 2022.

Other Income and Gains

Our other income and gains mainly consist of government grants, interest income, and fair value gains on financial assets at fair value through profit or loss. The increase of other income and gains by approximately RMB5.7 million, or approximately 167.2% from approximately RMB3.4 million for the six months ended 30 June 2021 compared to approximately RMB9.1 million for the six months ended 30 June 2022 was primarily attributable to the gain on exchange differences of approximately RMB6.6 million for the six months ended 30 June 2022 (from nil for the six months ended 30 June 2021) and the increase in bank interest income to approximately RMB2.1 million for the six months ended 30 June 2022 (from approximately RMB1.8 million for the six months ended 30 June 2021).

Administrative Expenses

Our administrative expenses mainly consist of labour costs, business entertainment expenses, office expenses, staff dormitory and office occupancy expenses, promotion expenses, transportation expenses, tax expenses, special service expenses, depreciation and amortisation, lease expenses and others. Administrative expenses of our Group decreased by approximately RMB4.7 million, or approximately 17.1% from approximately RMB27.4 million for the six months ended 30 June 2021 to approximately RMB22.7 million for the six months ended 30 June 2022, primarily due to the decrease in listing expenses charged during the six months ended 30 June 2022.

Other Expenses

Our other expenses decreased to approximately RMB0.3 million for the six months ended 30 June 2022 from approximately RMB0.9 million for the six months ended 30 June 2021 primarily due to the termination of the lease of an exhibition hall during the year ended 31 December 2021, which the Group incurred leasing expenses during the six months ended 30 June 2021, but no longer did during the six months ended 30 June 2022 following the said termination.



MANAGEMENT DISCUSSION AND ANALYSIS

Interest Expenses

We incurred interest expenses of approximately RMB0.1 million and approximately RMB0.01 million for the six months ended 30 June 2021 and 2022, respectively.

Profit Before Income Tax

The profit before income tax during the Reporting Period of our Group increased by approximately RMB14.1 million, or approximately 88.3% from approximately RMB16.0 million for the six months ended 30 June 2021 to approximately RMB30.1 million for the six months ended 30 June 2022, primarily due to the aforementioned reasons for the changes of revenue recorded and expenses incurred during the respective periods.

Income Tax Expenses

Our income tax expenses was approximately RMB3.3 million and approximately RMB4.1 million for the six months ended 30 June 2021 and 2022, respectively.

Profit for the Reporting Period

As a result of the changes discussed above, our net profit for the period increased by approximately 105.4% to approximately RMB26.0 million for the six months ended 30 June 2022 from approximately RMB12.6 million for the six months ended 30 June 2021, and our net profit margin for the period increased to approximately 20.6% for the six months ended 30 June 2022 from approximately 12.0% for the six months ended 30 June 2021.

Property and Equipment

Property and equipment mainly consist of electric devices and leasehold improvements, which increased from RMB144,000 as at 31 December 2021 to RMB161,000 as at 30 June 2022.

Investment Properties

Investment properties consist of one residential and one commercial property in the PRC held for sale and were not leased out. Investment property decreased from approximately RMB1.3 million as at 31 December 2021 to approximately RMB1.2 million as at 30 June 2022 mainly attributable to the depreciation charge provision during the six months ended 30 June 2022.

Right-of-Use Assets

Right-of-use assets primarily represent offices which our Group leased for its office use. Right-of-use assets increased from approximately RMB0.2 million as at 31 December 2021 to approximately RMB0.4 million as at 30 June 2022 was attributable to the increase in the GFA of office leased.

Other Intangible Assets

We recognised other intangible assets of approximately RMB8.0 million as at 30 June 2022, which mainly include customer relationship of approximately RMB7.6 million from the acquisition of Zhongneng Group.



Goodwill

Goodwill arose out of our acquisitions of Zhongneng Group in 2020, which resulted in the recognition of goodwill of approximately RMB9.2 million.

Trade Receivables

Trade receivables mainly arise from property management services and certain value-added services. Trade receivables of our Group increased from approximately RMB89.7 million as at 31 December 2021 to approximately RMB118.6 million as at 30 June 2022, primarily due to (i) the substantial increase in value-added services for non-property owners provided to Desun Group (ii) the increase of GFA delivered which increased the trade receivables from property owners; and (iii) the expansion of our business operation which increased the number of projects undertaken.

Prepayments, Deposits and Other Receivables

Prepayments, deposits and other receivables mainly comprises of deposits paid for performance and project tendering deposits, advances to staff and payment on behalf of residents relating to utilities. Our Group's prepayments, deposits and other receivables increased from approximately RMB11.5 million as at 31 December 2021 to approximately RMB18.2 million as at 30 June 2022, which was primarily due to the increase in the amount due from related parties, staff advances, property management costs recoverable from residents and cash in transit.

Trade Payables

Trade payables primarily represent our obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. The trade payables primarily consist of cleaning fees, material fees, maintenance fees, subcontracting fees and construction fees. Trade payables of the Group increased from approximately RMB17.7 million as at 31 December 2021 to approximately RMB25.2 million as at 30 June 2022, primarily due to the subcontracting of the securities and cleaning services (as part of our property management services) to independent security service providers, instead of being rendered by our own staff, in order to better control our cost of services which as a result increased the subcontracting fees payable during the Reporting Period.

Other Payables and Accruals

The other payables and accruals of our Group primarily consist of payables for payroll, utilities and other taxes, receipt of advances on behalf from residents, consideration payables as well as deposits received. The other payables and accruals decreased from approximately RMB70.1 million as 31 December 2021 to approximately RMB64.8 million as at 30 June 2022 primarily due to the settlement of listing expenses payable during the six months ended 30 June 2022.

Contract Liabilities

The contract liabilities of our Group arise from the advance payments received from customers of our Group's property management services while the underlying services are yet to be provided by our Group. The contract liabilities of our Group remained stable at approximately RMB25.2 million as at 31 December 2021 and approximately RMB25.8 million as at 30 June 2022.



MANAGEMENT DISCUSSION AND ANALYSIS

Tax Payables

Tax payables of our Group primarily consist of PRC corporate income tax payable. Our tax payables decreased from approximately RMB9.5 million as at 31 December 2021 to approximately RMB6.5 million as at 30 June 2022, primarily due to tax paid during the Reporting Period.

Lease Liabilities

The current lease liabilities of our Group increased from RMB122,000 as at 31 December 2021 to RMB360,000 as at 30 June 2022. Our Group recorded nil non-current lease liabilities as at 31 December 2021 and 30 June 2022.

Liquidity and Capital Resources

Our cash and bank balances increased by approximately RMB3.4 million from approximately RMB251.1 million as at 31 December 2021 to approximately RMB254.5 million as at 30 June 2022, primarily due to the receipt of services fees from the provision of our property management services and value added services, the collection of outstanding property management fees from our customers, the interests received from our bank deposit, and the net proceeds received from the issue of offer shares pursuant to the exercise of the over-allotment options by the sole global coordinator (on behalf of the underwriters) under the Global Offering, which were partially offset by the payment incurred, such as material costs, from our business operation, payment of listing expenses, and payment of salaries to our employees and tax expenses. Our net current assets increased from approximately RMB230.9 million as at 31 December 2021 to approximately RMB270.1 million as at 30 June 2022. Our current ratio was approximately 3.21 times (as at 31 December 2021: approximately 2.89 times). As at 30 June 2022, we did not have any borrowings.

Pledge of Assets

As at 30 June 2022, none of the assets of our Group were pledged (as at 31 December 2021: nil).

Material Acquisitions and Disposals of Assets

Our Group did not have any material acquisitions or disposals of assets during the Reporting Period.

Significant Investment Held and Future Plans for Material Investment and Capital Assets

During the six months ended 30 June 2022, our Group did not have any significant investment, and there was no plan for other material investments or additions of capital assets as at the date of this report.

Gearing Ratio

The gearing ratio (sum of lease liabilities divided by total equity) as at 30 June 2022 was approximately 0.12% (as at 31 December 2021: approximately 0.05%).

Contingent Liabilities

As at 30 June 2022, our Group did not have any outstanding guarantees or other material contingent liabilities (as at 31 December 2021: nil).



Treasury Policies

We consistently comply with our treasury policy during the procedures managing the relevant departments, as well as in conducting business, accounting and filing. We are committed to safeguarding overall financial security and maintaining a strong cash position and a healthy debt profile with strong repayment ability. To maintain a strong financial position, we have established a long-term, medium-term and short-term fund management system. By adopting a full, reasonable and professional assessment mechanism, preparing annual and monthly funding plans, we have established disciplined fund management principal, which allows us to efficiently manage market risks. If new funding needs arise due to factors such as strategic expansion, external financing will be arranged in time to make up for it.

Foreign Exchange Risk

Our Group conducts substantially all of its business in the PRC and in RMB. Bank and cash balances denominated in Hong Kong dollars were equivalent to approximately RMB172.2 million as at 30 June 2022 and thus was subject to foreign exchange risk. Our Group currently does not hedge its foreign exchange risk, but is continuously monitoring the foreign exchange exposure and the management will consider hedging the foreign exchange exposure where there is a material impact on the Group.

Employees and Benefits Policies

As at 30 June 2022, our Group had approximately 838 employees (as at 31 December 2021: approximately 958 employees). For the six months ended 30 June 2022, the aggregate staff costs of the Group amounted to approximately RMB35.4 million (for the six months ended 30 June 2021: approximately RMB32.0 million). Employee's remuneration is determined based on the employee's performance, skills, knowledge, experience and market trends. Our Group regularly reviews compensation policies and programs, and will make necessary adjustment in order to be in line with the remuneration levels in the industry. Our Group also provides various systematic and extensive training programmes to its employees. Our Group's employee training programmes primarily cover key areas in the Group's business operations, which provide continuous training to our Group's existing employees at different levels to specialise and strengthen their skill sets.

Future Outlook

It is our goal to be a leading property service provider for (i) mid- to high-end residential properties and (ii) shopping street and other commercial properties in western China. Going forward, we will strive to continue to grow organically and through suitable acquisitions. We plan to selectively acquire, invest in or establish joint ventures with, property management and commercial property operational service providers with complementary strengths or with targeted operation scale and profitability. We believe such strategic investments and acquisitions can help us (i) diversify our service offerings; (ii) enhance our geographic distribution, market shares and property portfolio; and (iii) realise economies of scale. We will mainly consider property management service providers for mid- to high-end residential properties and shopping street and other commercial properties operator, and evaluate them with reference to their GFA under management and financial performance.



MANAGEMENT DISCUSSION AND ANALYSIS

Furthermore, we will continue to leverage our breath of services, efficient resources allocation, creative service solutions, and various value-added services to achieve superior customer satisfaction. To this end, we intends to continue to (i) optimise our value-added services for our customers in residential properties and (ii) offer renovation services to property developers, including decoration of sales offices. We believe these initiatives will enrich our customer's experiences and enhance their loyalty to our company. We also intend to promote value-added services for non-residential properties through providing solutions to meet their business needs and promoting value added services for industrial parks and offices.

We also aim to improve customer experience and increase operational efficiency through deploying information technologies.

Last but not least, we will continue to invest in our human capital to attract and retain high quality employees at all levels.

Events after the Reporting Period

In addition to the events detailed elsewhere in this report, the Group had the following events after the Reporting Period:

On 12 July 2022, (i) Mr. Zhang Qiang (張強) (“**Mr. Zhang**”) ceased to serve as executive Director; and (ii) Mr. Wu Da (吳達) (“**Mr. Wu**”) ceased to serve as executive Director, but will hold other position in the Group. On the same date, Mr. Liu Jun (柳軍) and Mr. Shao Jiazhen (邵家楨) were appointed as executive Directors with effect from 12 July 2022, respectively.

On 12 July 2022, Chengdu Desun (an indirect wholly-owned subsidiary of the Company) and Chengdu Huashang House Development Co., Ltd.* (成都華商房屋開發有限公司) (“**Chengdu Huashang**”) entered into a letter of intent pursuant to which Chengdu Desun may lease several floors of a building located in Chengdu from Chengdu Huashang. For further details, please refer to the announcement of the Company dated 12 July 2022.

On 27 July 2022, the Company allotted and issued an aggregate of 3,465,600 Shares pursuant to the exercise of pre-IPO share options by Mr. Liu Jun, Mr. Shao Jiajun, Ms. Xiong Jianqiu and Ms. Wan Hong under the Pre-IPO Share Option Scheme. For further details, please refer to the paragraph headed “Corporate Governance and Other Information — Pre-IPO Share Option Scheme” in this report.

Save as disclosed above, as at the date of this report, there are no material events affecting the Company or any of its subsidiaries after 30 June 2022 and up to the date of this report.

CORPORATE GOVERNANCE AND OTHER INFORMATION



COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is committed to maintaining high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company's corporate governance practices are based on the principles as set out in the CG Code. Since the shares of the Company were listed on the Main Board of The Stock Exchange on 17 December 2021, the Company has adopted the principles and code provisions as set out in the CG Code contained in Appendix 14 to the Listing Rules and complied with the applicable code provisions throughout the Reporting Period, except for the deviation from code provision C.2.1 as explained below.

Following the resignation of Mr. Zhou Youbo as the Chief Executive Officer of the Company on 2 March 2022, Mr. Zhang Zhicheng was appointed as the Chief Executive Officer of the Company on the same date. As a result, Mr. Zhang Zhicheng serves as both the chairman of the Board and the CEO, and such practice deviates from the code provision C.2.1 of the CG Code which states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Nevertheless, the Board believes that Mr. Zhang Zhicheng's extensive experience and knowledge in the real estate and property management industry, who has guided the Group to complete the initial public offering in December 2021, together with the support of the management, will provide solid and consistent leadership for the Group. Therefore, the Board considers that the deviation from the code provision C.2.1 of the CG Code is appropriate under such circumstances.

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**") as set out in Appendix 10 to the Listing Rules as its codes of conduct regarding securities transactions by its Directors and employees (the "**Securities Dealing Code**").

The Company has made specific enquiry of all Directors whether the Directors have complied with the required standard as set out in the Model Code for the six months ended 30 June 2022 and all Directors confirmed that they have complied with the Model Code and the Securities Dealing Code throughout the said period.

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2022.

CHANGE IN DIRECTORS' AND THE CHIEF EXECUTIVE'S INFORMATION

During the Reporting Period, Mr. Zhou Youbo resigned as the Chief Executive Officer of the Company with effect from 2 March 2022. Follow Mr. Zhou's resignation, Mr. Zhang Zhicheng was appointed as the Chief Executive Officer of the Company with effect from the same date.

Subsequent to the Reporting Period, on 12 July 2022, each of Mr. Zhang Qiang (張強) and Mr. Wu Da (吳達) tendered his resignation as executive Director. Following the resignation of Mr. Zhang and Mr. Wu, Mr. Liu Jun (柳軍) and Mr. Shao Jiazhen (邵家楨) have been appointed as executive Directors with effect from 12 July 2022, respectively.

After making specific enquiries by the Company and confirmed by the Directors and chief executive, save as disclosed as above, no other changes in the information of any Directors and chief executive that are required to be disclosed pursuant to paragraphs (a) to (e) and paragraph (g) of Rule 13.51(2) of the Listing Rules have to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

Interests in Shares and underlying Shares of the Company

As at 30 June 2022, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director	Capacity/Nature of Interest	Total number of Shares/underlying Shares held ⁽¹⁾	Approximate percentage of shareholding interest in the Company as at 30 June 2022 (%) ⁽¹⁾
Mr. Zou Kang	Interest in controlled corporation; interest held jointly with another person ^{(2) & (3)}	389,673,000 (L)	63.53%
Mr. Zhang Zhicheng	Interest in controlled Corporation ⁽⁴⁾	22,500,000 (L)	3.66%
Ms. Xiong Jianqiu	Beneficial owner ⁽⁵⁾	1,765,000 (L)	0.28%
Ms. Wan Hong	Beneficial owner ⁽⁶⁾	1,765,000 (L)	0.28%

Notes:

- (1) As at 30 June 2022, the Company had issued 613,328,000 Shares in total. The letter "L" denotes the person's long position in the Shares.
- (2) On 11 May 2021, Mr. Zou Kang and Ms. Zou Jian entered into a concert parties confirmatory deed (the "**Concert Parties Confirmatory Deed**"), pursuant to which they reaffirmed that they had been acting in concert as shareholders of our Group before the date of the Concert Parties Confirmatory Deed, and shall continue the same thereafter. For further details, please refer to the paragraph headed "History, Reorganisation and Corporate Structure – Acting-in-concert arrangement" in the Prospectus. As such, pursuant to the parties-acting-in-concert arrangement, as at 30 June 2022, each of the Controlling Shareholders, i.e. Sky Donna (being wholly owned by Mr. Zou Kang), Mr. Zou Kang, Pengna Holding (being wholly owned by Ms. Zou Jian) and Ms. Zou Jian, is deemed to be interested in 63.53% of the issued share capital of the Company.
- (3) These 389,673,000 Shares in which Mr. Zou Kang is interested consist of (i) 372,393,000 Shares held by Sky Donna Holding Limited, a company wholly-owned by Mr. Zou Kang, in which Mr. Zou Kang is deemed to be interested under the SFO; and (ii) 17,280,000 Shares in which Mr. Zou Kang is deemed to be interested as a result of being a party acting-in-concert with Ms. Zou Jian pursuant to the Concert Parties Confirmatory Deed.
- (4) These 22,500,000 Shares are held by Zhiyu Holding Limited, the issued shares of which are wholly owned by Mr. Zhang Zhicheng. Under the SFO, Mr. Zhang Zhicheng will be taken to be interested in the Shares held by Zhiyu Holding Limited.
- (5) Ms. Xiong Jianqiu is interested in 1,765,000 Shares which may be allotted and issued to her upon full exercise of all Pre-IPO Share Options granted to her, subject to the terms of grant of the Pre-IPO Share Options. Subsequent to the Reporting Period, on 27 July 2022, Ms. Xiong Jianqiu exercised the pre-IPO Shares Options that had been vested to her, and 529,500 Shares were issued to Ms. Xiong Jianqiu accordingly.
- (6) Ms. Wan Hong is interested in 1,765,000 Shares which may be allotted and issued to her upon full exercise of all Pre-IPO Share Options granted to her, subject to the terms of grant of the Pre-IPO Share Options. Subsequent to the Reporting Period, on 27 July 2022, Ms. Wan Hong exercised the pre-IPO Shares Options that had been vested to her, and 529,500 Shares were issued to Ms. Wan Hong accordingly.

CORPORATE GOVERNANCE AND OTHER INFORMATION



Interests in Shares and underlying Shares of the Company's associated corporations

Name of Director	Capacity/ Nature of Interest	Associated corporation	Total number of shares/ underlying shares held ^(Note)	Approximate percentage of interest in the associated corporation as at 30 June 2022 (%)
Mr. Zou Kang	Beneficial owner	Sky Donna Holding Limited	1 (L)	100%

Note: The letter "L" denotes the person's long position in the share(s) of the associated corporation.

Save as disclosed above, as at 30 June 2022, none of the Directors of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were required to be recorded in the register to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2022, to the best knowledge of the Directors or chief executives of the Company, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Interests in Shares and underlying Shares of the Company

Name of Substantial Shareholder	Capacity/Nature of Interest	Total number of Shares/underlying Shares held ⁽¹⁾	Approximate percentage of shareholding interest in the Company as at 30 June 2022 (%) ⁽¹⁾
Sky Donna Holding Limited	Beneficial owner; interest held jointly with another person ^{(2) & (3)}	389,673,000 (L)	63.53%
Ms. Zou Jian	Interest of corporation controlled by you; interest held jointly with another person ⁽⁴⁾	389,673,000 (L)	63.53%
Pengna Holding Limited	Beneficial owner; interest held jointly with another person ⁽⁴⁾	389,673,000 (L)	63.53%



CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

- (1) As at 30 June 2022, the Company had issued 613,328,000 Shares in total. The letter “L” denotes the person’s long position in the Shares.
- (2) On 11 May 2021, Mr. Zou Kang and Ms. Zou Jian entered into a concert parties confirmatory deed (the “**Concert Parties Confirmatory Deed**”), pursuant to which they reaffirmed that they had been acting in concert as shareholders of our Group before the date of the Concert Parties Confirmatory Deed, and shall continue the same thereafter. For further details, please refer to the paragraph headed “History, Reorganisation and Corporate Structure – Acting-in-concert arrangement” in the Prospectus. As such, pursuant to the parties-acting-in-concert arrangement, as at 30 June 2022, each of the Controlling Shareholders, i.e. Sky Donna (being wholly owned by Mr. Zou Kang), Mr. Zou Kang, Pengna Holding (being wholly owned by Ms. Zou Jian) and Ms. Zou Jian, is deemed to be interested in 63.53% of the issued share capital of the Company.
- (3) These 389,673,000 Shares in which Sky Donna Holding Limited (a company wholly-owned by Mr. Zou Kang) is interested consist of (i) 372,393,000 Shares held by Sky Donna Holding Limited; and (ii) 17,280,000 Shares in which Sky Donna Holding Limited is deemed to be interested as a result of the Concert Parties Confirmatory Deed entered into between Mr. Zou Kang and Mr. Zou Jian.
- (4) These 389,673,000 Shares in which Ms. Zou Jian is interested consist of (i) 17,280,000 Shares held by Pengna Holding Limited, a company wholly-owned by Ms. Zou Jian, in which Ms. Zou Jian is deemed to be interested under the SFO; and (ii) 372,393,000 Shares of Sky Donna Holding Limited in which Ms. Zou Jian is deemed to be interested as a result of being a party acting-in-concert with Mr. Zou Kang pursuant to the Concert Parties Confirmatory Deed.

Save as disclosed above, as at 30 June 2022, the Company had not been notified by any other persons (other than the Directors of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this interim report, at no time during the Relevant Period, was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

PRE-IPO SHARE OPTION SCHEME

The Company adopted the Pre-IPO Share Option Scheme on 27 April 2021. The terms of the Pre-IPO Share Option Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as the Pre-IPO Share Option Scheme will not involve the grant of options by the Company to subscribe for Shares after the Listing. For details of the terms of the Pre-IPO Share Option Scheme, please refer to Appendix V in the Prospectus.

Pre-IPO Share Options to subscribe for an aggregate of 19,253,000 Shares were conditionally granted to 5 participants (the “**Grantees**”) on 27 April 2021. No further Pre-IPO Share Options could be granted under the Pre-IPO Share Option Scheme. On 2 March 2022, immediately following the resignation of Mr. Zhou Youbo (being one of the Grantees) as the Chief Executive Officer, all the Pre-IPO Share Options (equivalent to 7,701,000 underlying Shares) granted to him have lapsed. As at 30 June 2022, none of the Pre-IPO Share Options have been exercised yet, and a total of 11,552,000 Pre-IPO Share Options (after excluding the 7,701,000 Pre-IPO Share Options granted to Mr. Zhou Youbo that have lapsed) were remaining outstanding, representing approximately 1.88% of the total issued Shares as at 30 June 2022.

CORPORATE GOVERNANCE AND OTHER INFORMATION



During the Reporting Period, the details of the changes in the Pre-IPO Share Options granted under the Pre-IPO Share Option Scheme are set out below:

Grantee	Date of grant	Number of outstanding Pre-IPO Share Options as at 1 January 2022			Vesting date	Exercisable period	Exercise Price (RMB)	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled/ Lapsed during the Reporting Period	Number of outstanding Pre-IPO Share Options as at 30 June 2022
		(Note 1)	(Note 1)	(Note 1)							
Mr. Zhou Youbo (Chief executive officer of the Company) (Note 2)	27/04/2021	2,310,300	17/12/2021	17/12/2021-17/12/2027	0.420	—	—	2,310,300	nil		
		2,310,300	17/12/2022	17/12/2022-17/12/2027	0.420	—	—	2,310,300	nil		
		1,540,200	17/12/2023	17/12/2023-17/12/2027	0.420	—	—	1,540,200	nil		
		770,100	17/12/2024	17/12/2024-17/12/2027	0.420	—	—	770,100	nil		
		770,100	17/12/2025	17/12/2025-17/12/2027	0.420	—	—	770,100	nil		
Mr. Liu Jun (Executive Director) (Note 3)	27/04/2021	1,203,300	17/12/2021	17/12/2021-17/12/2027	0.420	—	—	—	1,203,300		
		1,203,300	17/12/2022	17/12/2022-17/12/2027	0.420	—	—	—	1,203,300		
		802,200	17/12/2023	17/12/2023-17/12/2027	0.420	—	—	—	802,200		
		401,100	17/12/2024	17/12/2024-17/12/2027	0.420	—	—	—	401,100		
		401,100	17/12/2025	17/12/2025-17/12/2027	0.420	—	—	—	401,100		
Mr. Shao Jiazhen (Executive Director) (Note 3)	27/04/2021	1,203,300	17/12/2021	17/12/2021-17/12/2027	0.420	—	—	—	1,203,300		
		1,203,300	17/12/2022	17/12/2022-17/12/2027	0.420	—	—	—	1,203,300		
		802,200	17/12/2023	17/12/2023-17/12/2027	0.420	—	—	—	802,200		
		401,100	17/12/2024	17/12/2024-17/12/2027	0.420	—	—	—	401,100		
		401,100	17/12/2025	17/12/2025-17/12/2027	0.420	—	—	—	401,100		
Ms. Xiong Jianqiu (Executive Director and Chief Financial Officer of the Company) (Note 3)	27/04/2021	529,500	17/12/2021	17/12/2021-17/12/2027	0.420	—	—	—	529,500		
		529,500	17/12/2022	17/12/2022-17/12/2027	0.420	—	—	—	529,500		
		353,000	17/12/2023	17/12/2023-17/12/2027	0.420	—	—	—	353,000		
		176,500	17/12/2024	17/12/2024-17/12/2027	0.420	—	—	—	176,500		
		176,500	17/12/2025	17/12/2025-17/12/2027	0.420	—	—	—	176,500		
Ms. Wan Hong (Executive Director and joint company secretary of the Company) (Note 3)	27/04/2021	529,500	17/12/2021	17/12/2021-17/12/2027	0.420	—	—	—	529,500		
		529,500	17/12/2022	17/12/2022-17/12/2027	0.420	—	—	—	529,500		
		353,000	17/12/2023	17/12/2023-17/12/2027	0.420	—	—	—	353,000		
		176,500	17/12/2024	17/12/2024-17/12/2027	0.420	—	—	—	176,500		
		176,500	17/12/2025	17/12/2025-17/12/2027	0.420	—	—	—	176,500		
Total		19,253,000						7,701,000	11,552,000		



CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

- (1) The Pre-IPO Share Options are vested to each grantee in 5 tranches: (i) 30% on or after the Listing Date; (ii) 30% on or after the first anniversary date of the Listing Date; (iii) 20% on or after the second anniversary date of the Listing Date; (iv) 10% on or after the first anniversary date of the Listing Date; and (v) 10% on or after the first anniversary date of the Listing Date. The actual number of Pre-IPO Share Options that each grantee can exercise is however linked to the performance evaluation results of the grantee in the previous year, based on the criteria set out in the “Implementation of the assessment and management of the Pre-IPO Share Option Scheme” adopted by the Company.
- (2) Mr. Zhou Youbo resigned as the Chief Executive Officer of the Company with effect from 2 March 2022. Pursuant to the terms of the Pre-IPO Share Option Schemes, all the unexercised Pre-IPO Share Options (equivalent to 7,701,000 underlying Shares) lapsed upon his resignation.
- (3) On 27 July 2022, 1,203,300 Shares, 1,203,300 Shares, 529,500 Shares and 529,500 Shares were issued to Mr. Liu Jun, Mr. Shao Jiazhen, Ms. Xiong Jianqiu and Ms. Wan Hong, respectively, upon their exercise of the Pre-IPO Share Options under the Pre-IPO Share Option Scheme.

The values of Pre-IPO Share Options calculated using the binomial model (the “**Model**”) are subject to certain fundamental limitations, due to the subjective nature of and uncertainty relating to a number of assumptions of the expected future performance input to the model, and certain inherent limitations of the model itself. The value of a Pre-IPO Share Option varies with different variables of certain subjective assumptions. Any change to the variables used may materially affect the estimation of the fair value of a Pre-IPO Share Option.

The following table lists the inputs to the Model used:

Measurement Date	30 April 2021
Expected dividend yield	0.00
Expected volatility (%)	50.47
Expected life	6 years
Risk-free rate (%)	0.93
Forfeiture rate (%)	0.00

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Saved as disclosed in this interim report, during the six months ended 30 June 2022, neither the Company nor any of its subsidiaries or consolidated affiliated entities has purchased, sold or redeemed any of the Company’s listed securities.

CORPORATE GOVERNANCE AND OTHER INFORMATION



USE OF NET PROCEEDS FROM LISTING

The Shares of the Company were listed on the Main Board of the Stock Exchange on 17 December 2021 by way of Global Offering, raised total net proceeds of approximately HK\$176.2 million (the “**Net Proceeds**”) from the Global Offering (including the partial exercise of the over-allotment option) after deducting professional fees, underwriting commissions and other related listing expenses. As stated in the Prospectus, the intended uses of the Net Proceeds are set out below:

Intended use of Net Proceeds	Allocation of Net Proceeds (HK\$ million)	Percentage of total Net proceeds	Amount unutilized as at 1 January 2022 (HK\$ million)	Amount of Net Proceeds utilized during the six months ended 30 June 2022 (HK\$ million)	Balance of Net Proceeds unutilized as at 30 June 2022 (HK\$ million)	Intended timetable for use of the unutilized Net Proceeds
(i) Strategic investments and acquisitions to expand the Group's property management and commercial operational businesses	105.7	60%	105.7	—	105.7	Within approximately two years after Listing
(ii) Investing in information technology systems and human resources to support information technology systems	35.2	20%	35.2	—	35.2	
• Upgrading and developing the Group's internal information technology system						
o Upgrade financial operation center	1.8	1%	1.8	—	1.8	December 2022
o Upgrade property management system including management fee payment system, operation system, marketing system and resources management system	3.5	2%	3.5	—	3.5	December 2023
o Upgrade cloud infrastructure	3.5	2%	3.5	—	3.5	December 2023
• Upgrading and developing business operating system						
o Upgrading Internet-of-things system including facilities and equipment smart management system, smart car parking system and customer management system	8.8	5%	8.8	—	8.8	September 2024
o Develop BI digital operation center	10.2	5.8%	10.2	—	10.2	September 2023
o Develop artificial intelligence commercial operation service system and hardware	7.4	4.2%	7.4	—	7.4	June 2024
(iii) Recruiting and cultivating talents, including management and professionals for our principal business	17.6	10%	17.6	—	17.6	Within approximately two years after Listing
(iv) Working capital and for general corporate uses	17.6	10%	17.6	0.2	17.4	Within approximately two years after Listing
Total	176.1	100%	176.1	0.2	175.9	

The Group will utilise the Net Proceeds of the initial public offering in accordance with the intended purposes as set out in the Prospectus.



CORPORATE GOVERNANCE AND OTHER INFORMATION

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely, Mr. Yan Hong, Mr. Chen Di and Mr. Fang Liqiang. The chairman of the Audit Committee is Mr. Yan Hong.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group, and discussed internal controls and financial reporting matters, including a review of the unaudited interim financial information for the six months ended 30 June 2022.

INDEPENDENT REVIEW REPORT



To the board of directors of Desun Real Estate Investment Services Group Co., Ltd.

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 32 to 50, which comprises the condensed consolidated statement of financial position of Desun Real Estate Investment Services Group Co., Ltd. (the “Company”) and its subsidiaries (the “Group”) as at 30 June 2022 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and 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 International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made 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 is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young

Certified Public Accountants

Hong Kong

29 August 2022

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Notes	For the six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
REVENUE	4	126,008	105,741
Cost of sales		<u>(81,626)</u>	<u>(63,063)</u>
Gross profit		44,382	42,678
Other income and gains	4	9,109	3,409
Administrative expenses		<u>(22,692)</u>	<u>(27,356)</u>
Provision for impairment losses on trade receivables, net	6	<u>(256)</u>	<u>(553)</u>
Provision for impairment losses on other receivables, net	6	<u>(167)</u>	<u>(1,178)</u>
Other expenses		<u>(257)</u>	<u>(912)</u>
Interest expenses	5	<u>(12)</u>	<u>(100)</u>
PROFIT BEFORE TAX	6	30,107	15,988
Income tax expense	7	<u>(4,131)</u>	<u>(3,343)</u>
PROFIT FOR THE PERIOD		25,976	12,645
OTHER COMPREHENSIVE INCOME		<u>—</u>	<u>—</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>25,976</u>	<u>12,645</u>
Attributable to:			
Owners of the parent		<u>25,796</u>	<u>12,573</u>
Non-controlling interests		<u>180</u>	<u>72</u>
		<u>25,976</u>	<u>12,645</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	9	<u>RMB4.21 cents</u>	<u>RMB2.79 cents</u>
Diluted	9	<u>RMB4.18 cents</u>	<u>RMB2.78 cents</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

	Notes	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property and equipment	10	161	144
Investment properties	10	1,234	1,330
Right-of-use assets	10	355	155
Goodwill		9,179	9,179
Other intangible assets	10	7,976	8,427
Deferred tax assets		1,260	674
Total non-current assets		20,165	19,909
CURRENT ASSETS			
Inventories		940	741
Trade receivables	11	118,644	89,686
Prepayments, deposits and other receivables	12	18,232	11,487
Cash and cash equivalents	13	254,482	251,063
Total current assets		392,298	352,977
CURRENT LIABILITIES			
Contract liabilities		25,343	24,622
Trade payables	14	25,177	17,743
Other payables and accruals	15	64,802	70,130
Lease liabilities		360	122
Tax payable		6,516	9,458
Total current liabilities		122,198	122,075
NET CURRENT ASSETS		270,100	230,902
TOTAL ASSETS LESS CURRENT LIABILITIES		290,265	250,811

continued/...

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

	Notes	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Contract liabilities		410	580
Deferred tax liabilities		931	988
Total non-current liabilities		1,341	1,568
NET ASSETS			
		288,924	249,243
EQUITY			
Equity attributable to owners of the parent			
Issued capital	16	389	381
Reserves		287,887	248,625
		288,276	249,006
Non-controlling interests		648	237
Total equity		288,924	249,243

Zhang Zhicheng
Director

Xiong Jianqiu
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the parent							Non-controlling interests	Total equity
	Issued capital	Share premium*	Capital reserve*	Statutory surplus reserve*	Share option reserve*	Retained profits*	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022 (audited)	381	126,269	23,322	12,633	9,325	77,076	249,006	237	249,243
Profit and total comprehensive income for the period	—	—	—	—	—	25,796	25,796	180	25,976
Issue of shares (note 16)	8	12,084	—	—	—	—	12,092	—	12,092
Share issue expenses	—	(302)	—	—	—	—	(302)	—	(302)
Equity-settled share option arrangements	—	—	—	—	1,684	—	1,684	—	1,684
Transfer from the share option reserve upon the forfeiture of share options	—	—	—	—	(3,728)	3,728	—	—	—
Disposal of a subsidiary	—	—	—	—	—	—	—	(69)	(69)
Capital contribution by the non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	300	300
Transfer from retained profits	—	—	—	2,070	—	(2,070)	—	—	—
At 30 June 2022 (unaudited)	<u>389</u>	<u>138,051</u>	<u>23,322</u>	<u>14,703</u>	<u>7,281</u>	<u>104,530</u>	<u>288,276</u>	<u>648</u>	<u>288,924</u>
At 1 January 2021 (audited)	—	—	24,315	9,190	—	47,079	80,584	(15)	80,569
Profit and total comprehensive income for the period	—	—	—	—	—	12,573	12,573	72	12,645
Allotment of shares to a shareholder under group reorganisation	—	993	(993)	—	—	—	—	—	—
Equity-settled share option arrangements	—	—	—	—	2,705	—	2,705	—	2,705
Capital contribution by the non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	349	349
Transfer from retained profits	—	—	—	1,535	—	(1,535)	—	—	—
At 30 June 2021 (unaudited)	<u>—</u>	<u>993</u>	<u>23,322</u>	<u>10,725</u>	<u>2,705</u>	<u>58,117</u>	<u>95,862</u>	<u>406</u>	<u>96,268</u>

* These reserve accounts comprise the reserves of RMB287,887,000 and RMB248,625,000 in the consolidated statements of financial position as at 30 June 2022 and 31 December 2021, respectively.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Notes	For the six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		30,107	15,988
Adjustments for:			
Depreciation of property and equipment	10	25	186
Depreciation of right-of-use assets	10	355	539
Depreciation of investment properties	10	96	49
Amortisation of other intangible assets	10	674	358
Bank interest income	4	(2,099)	(1,769)
Interest expenses		12	100
Gain relating to an early termination of a lease	4	—	(175)
Provision for impairment losses on trade receivables, net		256	553
Provision for impairment losses on other receivables, net		167	1,178
Foreign exchange gains, net	4	(6,603)	—
Equity-settled share option expenses	6	1,684	2,705
Loss on disposal of a subsidiary		6	—
		<u>24,680</u>	<u>19,712</u>
Increase in inventories		(199)	(45)
Increase in trade receivables		(29,214)	(11,757)
Increase in prepayments, deposits and other receivables		(6,791)	(10,952)
Increase in trade payables		7,626	2,893
Increase/(decrease) in other payables and accruals		(5,254)	3,875
Increase in contract liabilities		551	7,811
		<u>(8,601)</u>	<u>11,537</u>
Cash generated from/(used in) operations		(8,601)	11,537
Interest received		1,900	1,114
Income tax paid		(7,716)	(7,971)
		<u>(14,417)</u>	<u>4,680</u>
Net cash flows from/(used in) operating activities		(14,417)	4,680

continued/...

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022



	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property and equipment	(42)	(178)
Addition to other intangible assets	(223)	(1,018)
Acquisition of subsidiaries	—	(7,040)
Proceeds from disposal of financial assets at fair value through profit or loss	—	130
Disposal of a subsidiary	(263)	—
Net cash flows used in investing activities	<u>(528)</u>	<u>(8,106)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	12,092	—
Share issue expenses	(302)	—
Principal portion of the lease liabilities	(317)	(438)
Interest portion of the lease liabilities	(12)	(100)
Capital contribution by non-controlling shareholders of subsidiaries	300	349
Net cash flows from/(used in) financing activities	<u>11,761</u>	<u>(189)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,184)	(3,615)
Cash and cash equivalents at beginning of period	251,063	109,502
Effect of foreign exchange rate changes, net	6,603	—
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>254,482</u>	<u>105,887</u>



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2022 (the “Period”) has been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2021.

2. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the Amendments to IFRS 3, Amendment to IFRS 16, Amendments to IAS 16, Amendments to IAS 37 and *Annual Improvements to IFRS standards 2018–2020* for the first time for the current period’s financial information.

The Group has assessed the impact of the adoption of the amendments and annual improvements, and concluded that the amendments and annual improvements did not have any significant financial impact on the financial position and performance of the Group.

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of property management services and value-added services. Information reported to the Group’s chief operating decision maker, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group’s resources are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

Geographical information

During the Period, the Group operated within one geographical location because all of its revenue was generated in People’s Republic of China (the “PRC”) and all of its long-term assets/capital expenditure were located/incurred in the PRC. Accordingly, no further geographical information is presented.

Information about a major customer

During the Period, revenue from contracts with customers of approximately RMB40,935,000 (for the six months ended 30 June 2021: RMB39,163,000) was derived from services provided to companies over which the ultimate controlling shareholders of the Company have control or jointly control, and have significant influence (collectively referred to as “Fellow Entities”) and the Fellow Entities contributed 10% or more to the total revenue of the Group during the Period and the six months ended 30 June 2021.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022



4. REVENUE, OTHER INCOME AND GAINS

Revenue

An analysis of revenue from contracts with customers is as follows:

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Types of services		
Residential property management services	32,149	21,201
Non-residential property management services	34,879	33,849
	<u>67,028</u>	<u>55,050</u>
Value-added services to:		
Non-property owners	47,952	39,838
Property owners	11,028	10,853
	<u>58,980</u>	<u>50,691</u>
Total revenue from contracts with customers	<u><u>126,008</u></u>	<u><u>105,741</u></u>

Disaggregated revenue information for revenue from contracts with customers

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Timing of revenue recognition		
Services transferred over time	112,010	92,753
Services transferred at a point in time	13,998	12,988
	<u>126,008</u>	<u>105,741</u>
Total revenue from contracts with customers	<u><u>126,008</u></u>	<u><u>105,741</u></u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

4. REVENUE, OTHER INCOME AND GAINS *(continued)*

Other income and gains

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Other income		
Government grants	73	80
Additional input value-added tax deduction	121	441
Bank interest income	2,099	1,769
Others	213	944
	<u>2,506</u>	<u>3,234</u>
Gains		
Gain relating to an early termination of a lease	—	175
Foreign exchange gains, net	6,603	—
	<u>6,603</u>	<u>175</u>
	<u>9,109</u>	<u>3,409</u>

5. INTEREST EXPENSES

An analysis of the Group's interest expenses is as follows:

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Interest on lease liabilities	<u>12</u>	<u>100</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Cost of services provided	81,626	63,063
Provision for impairment losses on trade receivables, net	256	553
Provision for impairment losses on prepayments, deposits and other receivables, net	167	1,178
Equity-settled share option expense	1,684	2,705
Listing expenses	—	7,317
Auditors' remuneration	500	—
Foreign exchange gains, net	(6,603)	—

7. INCOME TAX

The major components of corporate income tax expense for the Period and for the six months ended 30 June 2021 of the Group are as follows:

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Current — Mainland China		
Charge for the period	5,072	3,739
Overprovision in prior periods	(298)	(179)
Deferred tax	(643)	(217)
Total tax charge for the period	4,131	3,343

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly is not subject to income tax from the business carried out in the Cayman Islands.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the Period and the six months ended on 30 June 2021.

Except for certain subsidiaries as described below, the PRC corporate income tax has been provided at the statutory tax rate of 25% on the taxable profits of the Group's PRC subsidiaries for the Period and for the six months ended 30 June 2021.

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7. INCOME TAX (continued)

According to the *Circular on Issues Concerning Tax Policies for In-depth Implementation of Western Development Strategies*, certain subsidiaries of the Group that are located in Sichuan Province and engaged in the encouraged business of property services management were entitled to a preferential CIT rate of 15%. Pursuant to the *Circular of Extending the Period of Western Development Strategies Preferential Tax Rate* (Cai Shui Fa [2020] No. 23), the tax preferential treatments were extended to 31 December 2030.

In addition, certain subsidiaries in the PRC are qualified as Small Low-profit Enterprises and thus entitled to a preferential income tax rate of 20% for the Period and for the six months ended 30 June 2021.

8. DIVIDENDS

At the meeting of the board of directors held on 29 August 2022, the board of directors did not recommend any payment of an interim dividend (six months ended 30 June 2021: Nil).

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The basic earnings per share is calculated by dividing the profit for the Period attributable to owners of the parent by the weighted average number of ordinary shares. Diluted earnings per share is calculated by dividing profit for the Period attributable to owners of the Company by the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. These profit and share data are presented in the tables below:

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	<u>25,796</u>	<u>12,573</u>
	Number of shares	
Shares		
Weighted average number of ordinary shares outstanding for the computation of basic earnings per share	<u>613,031,822</u>	450,000,000
Effect of dilution		
— Share options	<u>3,758,829</u>	<u>1,513,211</u>
Weighted average number of ordinary shares outstanding for the computation of diluted earnings per share	<u>616,790,651</u>	<u>451,513,211</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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10. PROPERTY AND EQUIPMENT, INVESTMENT PROPERTIES, RIGHT-OF-USE ASSETS AND OTHER INTANGIBLE ASSETS

	Property and equipment RMB'000	Investment properties RMB'000	Right-of-use assets RMB'000	Other intangible assets RMB'000
Carrying amounts at 1 January 2022 (audited)	144	1,330	155	8,427
Additions	42	—	555	223
Depreciation/amortisation provided during the period	(25)	(96)	(355)	(674)
Carrying amounts at 30 June 2022 (unaudited)	161	1,234	355	7,976

11. TRADE RECEIVABLES

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Trade receivables due from:		
Related parties (note 17(b))	80,413	64,252
Third parties	42,097	29,043
Impairment	(3,866)	(3,609)
	118,644	89,686

An ageing analysis of the trade receivables as at the end of each reporting period, based on the demand note issue date and net of provisions for impairment of trade receivables, is as follows:

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Within 1 year	113,025	85,484
1 to 2 years	4,738	3,809
2 to 3 years	838	303
Over 3 years	43	90
	118,644	89,686

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Due from related parties		1,036	—
Deposits	(a)	3,886	3,079
Staff advances		1,549	340
Property management costs recoverable from residents		2,659	1,553
Payments on behalf of residents	(b)	1,637	1,120
Cash in transit		2,458	1,116
Other receivables		2,799	2,923
Interest receivables		199	—
Prepaid expenses		4,289	3,469
		<u>20,512</u>	<u>13,600</u>
Impairment allowance		<u>(2,280)</u>	<u>(2,113)</u>
		<u>18,232</u>	<u>11,487</u>

Notes:

- (a) The amounts mainly represent the refundable deposits paid for performance and project tendering deposits.
- (b) The amounts represent the amounts paid on behalf of residents to the utility service providers for the services provided.

13. CASH AND CASH EQUIVALENTS

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Cash and bank balances	<u>254,482</u>	<u>251,063</u>

At 30 June 2022, other than the cash and bank balances denominated in HKD amounting to RMB172,162,000 (31 December 2021: RMB131,876,000), the remaining cash and bank balances are denominated in RMB. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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14. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of each reporting period, based on the invoice date, is as follows:

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Within 3 months	17,447	14,775
3 to 12 months	6,093	1,646
Over 1 year	1,637	1,322
	<u>25,177</u>	<u>17,743</u>

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

15. OTHER PAYABLES AND ACCRUALS

	Note	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Due to related parties		5,017	2,561
Receipts on behalf from community residents	(a)	12,982	12,941
Payroll and social insurance payables		27,518	26,767
Deposits received		6,362	5,952
Other tax payable		5,003	6,038
Other payables and accrued expenses		7,920	15,871
		<u>64,802</u>	<u>70,130</u>

Note:

- (a) The amounts mainly represent advances received on behalf from property owners and tenants for settlement of utility charges.

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16. SHARE CAPITAL

	30 June 2022	31 December 2021
Number of ordinary shares		
Authorised ordinary shares of USD0.0001	2,000,000,000	2,000,000,000
Issued and fully paid ordinary shares of USD0.0001	613,328,000	600,000,000
	<u>613,328,000</u>	<u>600,000,000</u>
	30 June 2022 RMB	31 December 2021 RMB
Amounts		
Issued and fully paid ordinary shares of USD0.0001	<u>389,939</u>	<u>381,939</u>
Equivalent to approximately (RMB'000)	<u>389</u>	<u>381</u>

A summary of movements in the Group's issued capital during the Period is as follows:

	Note	Number of shares in issue	Issued capital RMB
At 1 January 2022		600,000,000	381,939
Exercise of over-allotment option	(a)	13,328,000	8,000
As at 30 June 2022		<u>613,328,000</u>	<u>389,939</u>

Note:

- (a) On 6 January 2022, the Company further issued 13,328,000 ordinary shares of USD0.0001 each at a subscription price of HKD1.11 per share pursuant to the exercise of over-allotment options, resulting in a share premium of approximately RMB12,084,000, representing the difference between the subscription price and the nominal value of the Company's ordinary shares before netting off the share issue cost.

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17. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Transactions with related parties

In addition to the transactions detailed elsewhere in this financial information, the Group had the following transactions with the Fellow Entities of the Group:

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Rendering of property management services and value-added services	40,935	39,163
Lease payments for office premises	363	—

These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

(b) Balances with related parties

In addition to the balances detailed elsewhere in this financial information, the Group had the following balances with related parties as at the end of the reporting period:

Due from related parties

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Fellow Entities		
— Trade in nature	80,413	64,252
— Non-trade in nature	1,036	—
	81,449	64,252

Trading amounts due from Fellow Entities represent the outstanding balances receivable in respect of the provision of property management services and property developer related services.

Non-trading amounts due from Fellow Entities were unsecured and interest-free with no fixed terms of repayment as at 30 June 2022.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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17. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

(b) Balances with related parties *(continued)*

Due to related parties

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Fellow Entities		
— Non-trade in nature	<u>5,017</u>	<u>2,561</u>

Non-trading amounts due to Fellow Entities are unsecured, interest-free and have no fixed terms of repayment.

Lease liabilities due to a related party

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
A fellow entity	<u>360</u>	<u>122</u>

(c) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Salaries, allowances and benefits in kind	2,898	2,508
Equity-settled share option expense	1,684	1,403
Pension scheme contributions	<u>293</u>	<u>241</u>
Total compensation paid to key management personnel	<u>4,875</u>	<u>4,152</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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18. SHARE OPTION SCHEME

(a) Movements in share options

The following share options were outstanding under the Pre-IPO Share Option Scheme during the Period:

	Weighted average exercise price (HKD)	Number of options
At 1 January 2022	0.42	19,253,000
Forfeiture during the Period	0.42	(7,701,000)
At 30 June 2022	0.42	11,552,000

Subject to the provisions for early termination contained in the Pre-IPO Share Option Scheme and condition upon the fulfilment of certain performance targets by the eligible persons, the share options granted will vest at a rate of 30% (“Tranche I”), 30% (“Tranche II”), 20% (“Tranche III”), 10% (“Tranche IV”) and 10% (“Tranche V”) on 17 December 2021 (“the Listing Date”) and subsequently, every annual anniversary from the Listing Date.

(b) Outstanding share options

The following table discloses the details of share options outstanding at 30 June 2022:

	Numbers of share option	Exercise price per share (HKD)	Fair value per share (HKD)	Exercise period
Tranche I	3,465,600	0.42	1.13	27 April 2021 to 27 April 2027
Tranche II	3,465,600	0.42	1.15	27 April 2021 to 27 April 2027
Tranche III	2,310,400	0.42	1.17	27 April 2021 to 27 April 2027
Tranche IV	1,155,200	0.42	1.18	27 April 2021 to 27 April 2027
Tranche V	1,155,200	0.42	1.19	27 April 2021 to 27 April 2027
Total	11,552,000			

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
<i>Financial assets at amortised cost</i>		
Cash and cash equivalents	254,482	251,063
Financial assets included in prepayments, deposits and other receivables	13,943	8,018
Trade receivables	118,644	89,686
	<u>387,069</u>	<u>348,767</u>

Financial liabilities

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
<i>Financial liabilities at amortised cost</i>		
Trade payables	25,177	17,743
Financial liabilities included in other payables and accruals	32,281	37,325
	<u>57,458</u>	<u>55,068</u>

Management has assessed that the fair values of cash and cash equivalents, trade receivables, financial assets included in prepayments, deposits and other receivables, trade payables and financial liabilities included in other payables, approximate to their carrying amounts largely due to the short-term maturities of these instruments.

20. APPROVAL OF THE INTERIM CONDENSED FINANCIAL INFORMATION

The interim condensed financial information was approved and authorised for issue by the board of directors on 29 August 2022.