

**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  

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**2023**



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
“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, excludes 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

## DEFINITIONS

“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\$” or “HKD”	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 period for the six months ended 30 June 2023
“SFO”	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”	include value-added services provided to property owners, tenants and non-property owners
“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)*

Ms. Xiong Jianqiu

Ms. Wan Hong

Mr. Liu Jun

Mr. Shao Jiazhen

### 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](http://www.desunhui.com)

### STOCK CODE

2270

### DATE OF LISTING

17 December 2021

# CHAIRMAN'S STATEMENT

Dear Shareholders,

Thank you for your continuing support for the development of the Group. On behalf of the board of directors, I am pleased to present the interim report of the Group for the six months ended 30 June 2023.

First of all, on behalf of the board of directors of the Group, I would like to extend our sincere greetings and heartfelt thanks to all of you for your attention and support to us, as well as our shareholders for their long-standing trust and loyalty for the Company. On behalf of the board of directors (the “**Board**”) of Desun Real Estate Investment Services Group Co., Ltd. (the “**Company**”), I am pleased to present the interim report of the Group for the six months ended 30 June 2023.

Against the backdrop of unstable market economy and intense competition, we continuously improved our core competitiveness and actively explored ways to achieve steady business growth by adopting a market-oriented and innovation-driven approach. During the Reporting Period, the Group recorded a revenue of approximately RMB148.8 million, representing a period-on-period increase of approximately 18.0%, and realized a gross profit of approximately RMB45.2 million. Through proactive market expansion, the Group saw further growth in both contracted GFA and GFA under management. Up to now, the Group has had 92 contracted properties under management with total GFA under management of approximately 8.4 million sq.m., representing an increase of approximately 35.5% as compared to approximately 6.2 million sq.m. for the corresponding period in 2022.

The Group has always adhered to long-termism, maintained strategic focus and proactively achieved high-quality and steady development. These achievements are the result of our joint efforts, which cannot be achieved without the hard work of all employees and the strong support of each Shareholder. I would like to express my special thanks to all the Shareholders for their continuing support and loyalty to the Company, and my sincere thanks also go to all of my colleagues for their efforts and devotion.

## DIVERSIFIED DEVELOPMENT ENABLING STABLE GROWTH

In the past six months, the Group has made important breakthroughs in business segment exploration, market expansion and brand building. We have continued to improve our services to enhance business capabilities and market competitiveness of the Company. At the same time, we have strengthened cooperation with our partners to expand market channels and enhance our brand influence. While revenue grows, the Group's revenue structure is being optimized continuously, achieving progress in all diversified business segments. Among them, revenue from property services amounted to RMB104.3 million, accounting for 70.1% of the Group's total revenue, representing a period-on-period increase of 3.9%; revenue from commercial operation and management amounted to RMB16.8 million, accounting for 11.3% of the Group's total revenue, representing a period-on-period increase of 2.5%; revenue from home furnishing and decoration services amounted to RMB15.1 million, accounting for 10.1% of the Group's total revenue, representing a period-on-period increase of 62.5%; and revenue from office building and community operation and management amounted to RMB12.6 million, accounting for 8.5% of the Group's total revenue. The results of these efforts have enabled the Group to grow positively and once again laid a solid foundation for its future development.



# CHAIRMAN'S STATEMENT

## FORGING FURTHER DEVELOPMENT WITH USERS ORIENTED

As a provider of urban asset operation services, we continued to be recognized for our industry position and customer reputation. Our projects under management: Desun • Huaifu Tianjiao (德商 • 華府天驕) and Desun International were both honored as “2022 Demonstrative Project for Chengdu Property Services” (《2022年成都市物業服務示範項目》) and “2022 Sichuan Property Service Brand Project” (《2022年度四川省物業服務品牌項目》); Desun • Yufu Tianjiao Commercial Street was awarded as the “Demonstrative Project for Chengdu Community Commercial Services” (《成都社區商業服務示範項目》).

In terms of customer service, we always adhere to the user-oriented approach, empowering users for a better life as well as urban development. We created three brand communities in early 2023: “Spring Laboratory (彈簧實驗室)”, “Cloud Factory (雲朵工廠)” and “Heartbeat Club (心動社)”, launching the creation and exploration of community activities. As of 30 June 2023, six large-scale community branding activities such as e-sports events and live music bazaars were carried out, enabling Desun’s users to gain more understanding of a healthy and happy life in the new social model, which were unanimously praised and recognized by many users.

In the future, the Group will continue to grow organically and focus on asset management services and commercial operational services. With users oriented, the Group will continuously improve its competitiveness by focusing on strategy, market, products, operation and organization, and will formulate and implement a number of strategies in terms of asset management services, vacant home units and commercial operational services, diversify its service offerings, enhance the Group’s geographic distribution, market shares and property portfolio, realize economies of scale, continue to cultivate key cities and core business types, and create high-quality and professional value-added products. The Group will strengthen its internal management, optimize resource allocation, improve operational efficiency, reduce costs and enhance profitability.

Insisting on the customer-oriented approach, continuously improving product quality and service level, and creating greater value for customers are the heights we constantly pursue. At the same time, we will build up the self-driven capability to create value for customers, professionals with the spirit of innovation, and a new type of talents of Desun Real Estate Investment who have the spirit of cooperation. We will fully implement the new talent standards of Desun Real Estate Investment in the selection, employment, training, retention, motivation and distribution of talents; establish a good employer brand, retain and enhance core talents, and continue to attract outstanding talents in the market. We deeply implement the employer concept that “employees are the core assets of the Company, and Desun Real Estate Investment is the stage for all employees to display their talents and the platform to achieve success”, and inspire the self-driven capability of all employees to create value for customers with cultural guidance and achievement sharing. Under the guidance of the Company’s strategy, we will carry out a comprehensive upgrade of organization and talents, focus on professional and continuous innovation, and create value for customers. Halfway through 2023, we are grateful to all Shareholders and stakeholders for their trust and support, to all employees for their hard work and devotion in their positions, and to all partners for their support and cooperation. 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, create investment value for shareholders and strive to achieve the Company’s long-term development goal.

**Zhang Zhicheng**

*Chairman of the Board*

Chengdu, 30 August 2023

# MANAGEMENT DISCUSSION AND ANALYSIS

## INDUSTRY REVIEW

In the first half of 2023, the macro policies started to deliver initial success with steady progress made in high-quality development, as China's national economy rebounded. In May 2023, the first meeting of the 20th Central Financial and Economic Commission was held, which stressed the need to implement a national strategy to actively cope with population ageing, promote the construction of a basic elderly care service system, vigorously develop the silver-hair economy, and accelerate the development of a multi-level, multi-pillar endowment insurance system in an effort to bring care, value and joy to all the elderly. The General Office of the Communist Party of China and the General Office of the State Council published the "Opinions on Promoting the Construction of the Basic Elderly Care Service System" (《關於推進基本養老服務體系建設的意見》) (the "Opinions"). For the first time, the Opinions issued the "List of National Basic Elderly Services" (《國家基本養老服務清單》), which contains 16 service items in three categories, including material assistance, nursing and care-giving, and supports property management enterprises to provide home-based community elderly care services depending on local conditions. In June 2023, relevant departments issued the relevant policies on, inter alia, the improvement of supporting facilities construction in residential communities, the construction of smart cities, the construction of high-quality province, and the program of home-based community elderly care services. For example, the State Administration for Market Regulation (SAMR) issued the "Three-Year Action Program for Elevator Safety Building (2023-2025)" (《電梯安全築底三年行動方案(2023-2025年)》), and the General Office of the State Council published the "Guiding Opinions on Further Building a High-Quality Charging Infrastructure System" (《關於進一步構建高質量充電基礎設施體系的指導意見》). The "Green Smart City Evaluation Indicator System" (《綠色智慧城市評價指標體系》) was issued in Zhejiang Province. In Shanghai and Guangdong, the "Outline for Building a High Quality Country: Shanghai Implementation Program" (《質量強國建設綱要上海實施方案》) and the "Outline for Building a Strong Guangdong Province" (《廣東省強省建設綱要》). And the "Opinions on Promoting Property Management Enterprises to Develop Home-based Community Elderly Care Services" (《關於推進物業服務企業發展居家社區養老服務的意見》) was released in Shiyan, Hubei.

On one hand, the Chinese government and governments at all levels vigorously provided corresponding guidance and supports by launching a series of relevant policies to encourage the development of community-based elderly care, primary-level social governance and renovation management, so as to continuously promote effective, healthy and sustainable development of the property management industry from the top-level design port. Against such background, the property management industry experienced sustainable development, which was reflected in continuously extended service types, constantly updated service models and improving technical and intelligent development. On the other hand, we developed four business segments, namely, property services, commercial operation and management, home furnishing and decoration services, as well as office building and community operation and management. Accordingly, diversified services were provided to cater for different needs of various customers including residential customers, shopping street and commercial properties owners, community and office buildings.

## BUSINESS REVIEW

Our Group provides services through the management and operation in four major business segments: (i) property services, primarily including property management service and other value-added services; (ii) commercial operation and management, primarily including commercial operational service, commercial property management and other related services; (iii) home furnishing and decoration services, primarily including home furnishing, home decoration and renovation services; and (iv) office building and community operation and management, primarily including office building subleasing service and co-operative operations.

As at 30 June 2023, we have contracted to manage 92 properties in the PRC with a total GFA under management of approximately 8.4 million sq.m., representing an increase of approximately 35.5% as compared to approximately 6.2 million sq.m. for the corresponding period in 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS

We managed a portfolio of properties comprising residential properties and non-residential properties. Non-residential properties mainly comprise office buildings, shopping malls and shopping streets and communities. 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	
	2023	2022
Number of properties we were contracted to manage <sup>(1)</sup>	92	65
Contracted GFA (sq.m. in thousands)	11,071.9	10,785.0
Number of properties under management <sup>(2)</sup>	77	42
GFA under management (sq.m. in thousands)	8,363.2	6,247.0

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 purpose.
- (2) Refers to properties that have been delivered to us for property management purpose.

In May 2022, the Group began to attempt to expand its coverage of tenant procurement value-added services to office building sublease services. Under the Group's sublease business, (i) the Group shall undertake the leasing of existing commercial properties such as office buildings, industrial properties and commercial complex, for which decoration is carried out to improve their facilities and hardware, building types and image, as well as renovated into office buildings, commercial properties and culture creative industrial park, so as to release and enhance their commercial value; and (ii) the Group subsequently subleases these renovated properties to potential tenants, in an effort to increase the Group's rental income, property management service income and other income. In August 2022, the Group jointly invested in and established Chengdu Desun Xinhongdao Business Management Co., Ltd.\* (成都德商新泓道商業管理有限公司) with its business partner Chengdu Xinhongdao Enterprise Management Co., Ltd.\* (成都新泓道企業管理有限公司) ("**Chengdu Xinhongdao**") to jointly provide sublease services. Such cooperations facilitated the Group to generate long-term and sustainable income from properties, thus widening the Group's income stream. Under the support of Chengdu Xinhongdao, the Group mainly develops its sublease business in Chengdu, but may also extend the footprint to other major cities in western China should an opportunity arise. It is expected that the Group will gradually push the boundary of its sublease business to cover various types of property, such as office building, hotel, community and commercial property, aiming to develop into a national benchmarking enterprise in the area of commercial and office buildings.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

For the six months ended 30 June 2023, the Group recorded a revenue of approximately RMB148.8 million, representing an increase of approximately 18.0% compared to the corresponding period in 2022; gross profit of approximately RMB45.2 million, representing an increase of approximately 1.8% compared to the corresponding period in 2022; and gross profit margin of approximately 30.4%, representing a decrease of approximately 4.8 percentage points compared to the corresponding period in 2022. The Group recorded net profit after tax for the six months ended 30 June 2023 of approximately RMB18.2 million, representing a decrease of approximately 29.9% as compared to approximately RMB26.0 million for the corresponding period in 2022. These changes were mainly due to the combined negative impacts arose from the facts that the Group took impairment testing on the carrying amount of trade and other receivables and made a reasonable impairment provision, based on the principle of prudence.

### Revenue and its Composition

Business segment	30 June 2023		30 June 2022		Period-on-period change %
	RMB'000	Percentage of revenue %	RMB'000	Percentage of revenue %	
Property services	104,280	70.1	100,342	79.6	3.9
Commercial operation and management	16,758	11.3	16,356	13.0	2.5
Home furnishing and decoration services	15,128	10.1	9,310	7.4	62.5
Office building and community operation and management	12,584	8.5	—	—	—
	<u>148,750</u>	<u>100.0</u>	<u>126,008</u>	<u>100.0</u>	<u>18.0</u>

### Revenue

During the Reporting Period, the Group recorded a revenue of RMB148.8 million, representing a period-on-period increase of 18.0% as compared to RMB126.0 million for the corresponding period in 2022.

The Group's revenue was primarily generated from its four business segments: (i) property services; (ii) commercial operation and management; (iii) home furnishing and decoration services; and (iv) office building and community operation and management. During the Reporting Period, (i) revenue generated from property services was RMB104.3 million, which accounted for 70.1% of the Group's total revenue, representing a period-on-period increase of 3.9% as compared to RMB100.3 million for the corresponding period in 2022; (ii) revenue generated from commercial operation and management was RMB16.8 million, which accounted for 11.3% of the Group's total revenue, representing a period-on-period increase of 2.5% as compared to RMB16.4 million for the corresponding period in 2022; (iii) revenue generated from home furnishing and decoration services was RMB15.1 million, which accounted for 10.1% of the Group's total revenue, representing a period-on-period increase of 62.5% as compared to RMB9.3 million for the corresponding period in 2022; and (iv) revenue generated from office building and community operation and management was RMB12.6 million, which accounted for 8.5% of the Group's total revenue.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Cost of Sales

During the Reporting Period, cost of sales amounted to RMB103.6 million, representing an increase of 26.9% as compared to RMB81.6 million for the corresponding period in 2022. The growth rate in cost of sales was higher than the growth rate in revenue was mainly due to the impact from the domestic environment on the real estate industry, and the fact that the growth in cost input was higher than that of revenue since the Group actively improved service quality.

## Gross Profit and Gross Profit Margin

For the six months end 30 June 2023, the gross profit was approximately RMB45.2 million, representing an increase of 1.8% as compared to RMB44.4 million for the corresponding period in 2022. The gross profit margin was approximately 30.4%, representing a period-on-period decrease of approximately 4.8 percentage points as compared to the gross profit margin of 35.2% for the corresponding period in 2022. The decline in gross profit margin was mainly due to (i) the active narrowing down of the coverage of value-added services for non-property owners periodically; (ii) the investment in costs and expenses in the early stage of operation for office building and community operation and management; and (iii) the investment in costs for enhancing service quality.

## Other Income and Gains

Our other income and gains mainly consist of government grants, interest income and foreign exchange gains, net. The decrease of other income and gains by approximately RMB1.8 million, or approximately 19.8% from approximately RMB9.1 million for the six months ended 30 June 2022 as compared to approximately RMB7.3 million for the six months ended 30 June 2023 was primarily due to the decrease in foreign exchange gains.

## 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 RMB0.4 million, or approximately 1.6% from approximately RMB22.7 million for the six months ended 30 June 2022 to approximately RMB22.3 million for the six months ended 30 June 2023.

## Net Impairment Loss on Financial Assets

The net impairment loss on financial assets increased from RMB0.4 million for the six months ended 30 June 2022 to RMB5.5 million for the six months ended 30 June 2023. Such increase was mainly due to the corresponding provision made by the Group for the impairment of trade receivables on a prudent basis in light of the slowdown in the recovery of trade receivables in the first half of 2023 as impacted by the overall economic situation and the real estate market downturn.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Other Expenses

We incurred other expenses of approximately RMB0.3 million for the six months ended 30 June 2022 and 2023, which basically remain unchanged.

## Profit Before Income Tax

The profit before income tax during the Reporting Period of our Group decreased by approximately RMB8.5 million, or approximately 28.3% from approximately RMB30.1 million for the six months ended 30 June 2022 to approximately RMB21.6 million for the six months ended 30 June 2023, primarily due to the higher credit risk of relevant receivables resulting from the downturn in real estate industry.

## Income Tax Expenses

Our income tax expenses was approximately RMB4.1 million and approximately RMB3.4 million for the six months ended 30 June 2022 and 2023, respectively.

## Profit for the Reporting Period

As a result of the changes discussed above, our net profit for the Reporting Period decreased by approximately 29.9% from approximately RMB26.0 million for the six months ended 30 June 2022 to approximately RMB18.2 million for the six months ended 30 June 2023, and our net profit margin for the Reporting Period decreased from approximately 20.6% for the six months ended 30 June 2022 to approximately 12.2% for the six months ended 30 June 2023.

## Property and Equipment

Property and equipment mainly consist of electric devices and leasehold improvements, which increased from RMB21.1 million as at 31 December 2022 to RMB57.8 million as at 30 June 2023. Such increases were mainly due to the launch of the office building and community operation and management business segment, which led to an increase in the long-term unamortized expenses.

## Investment Properties

Investment properties consist of one residential and numerous commercial properties in the PRC held for sale or lease. Investment property increased from approximately RMB2.8 million as at 31 December 2022 to approximately RMB261.4 million as at 30 June 2023, which was mainly attributable to the addition of office building and community operation and management business by the Group.

## Other Intangible Assets

We recognised other intangible assets of approximately RMB6.6 million as at 30 June 2023, which mainly include the customer relationship of approximately RMB5.4 million obtained from the acquisition of Zhongneng Group. The customer relationship has a finite useful life and is stated at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected useful life of 10 years, taking into account the prior experience of the renewal pattern of property management services.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Goodwill

Goodwill arose out of our acquisition 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 RMB113.9 million as at 31 December 2022 to approximately RMB147.2 million as at 30 June 2023, primarily due to the slowdown in collection of receivables from relevant businesses which were impacted by domestic environment in real estate industry.

## 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 RMB26.8 million as at 31 December 2022 to approximately RMB33.5 million as at 30 June 2023.

## Trade Payables

Trade payables primarily represent our obligations to pay for goods and services that have been acquired in our 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 RMB25.5 million as at 31 December 2022 to approximately RMB27.9 million as at 30 June 2023, primarily due to the expansion in procurement scope arose from the growth in business scale.

## 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 increased from approximately RMB84.7 million as 31 December 2022 to approximately RMB114.2 million as at 30 June 2023, which were mainly attributable to the payables for purchase of property, plant and equipment.

## 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 were approximately RMB32.4 million as at 31 December 2022 and approximately RMB44.1 million as at 30 June 2023.

## Tax Payables

Tax payables of our Group primarily consist of PRC corporate income tax payable. Our tax payables decreased from approximately RMB8.0 million as at 31 December 2022 to approximately RMB7.6 million as at 30 June 2023, primarily due to the payment of taxation during the Reporting Period.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Lease Liabilities

As at 30 June 2023, the current lease liabilities of our Group was RMB4.8 million (as at 31 December 2022: nil). Our Group recorded non-current lease liabilities of RMB252.8 million as at 30 June 2023 (as at 31 December 2022: nil), which were mainly attributable to the carrying out of the office building and community operation and management business.

## Liquidity and Capital Resources

Our cash and bank balances decreased by approximately RMB41.7 million from approximately RMB248.2 million as at 31 December 2022 to approximately RMB206.5 million as at 30 June 2023, primarily due to the purchase of wealth management products from banks. Our net current assets decreased from approximately RMB260.6 million as at 31 December 2022 to approximately RMB216.6 million as at 30 June 2023.

## Pledge of Assets

As at 30 June 2023, none of the assets of our Group were pledged (as at 31 December 2022: nil).

## Material Acquisitions and Disposals

During the Reporting Period, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

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

During the six months ended 30 June 2023, 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 interim report.

## Gearing Ratio

The gearing ratio (total liabilities/shareholders' equity) as at 30 June 2023 was approximately 1.7 (as at 31 December 2022: 0.5).

## Contingent Liabilities

As at 30 June 2023, our Group did not have any outstanding guarantees or other material contingent liabilities (as at 31 December 2022: nil).



# MANAGEMENT DISCUSSION AND ANALYSIS

## Treasury Policies

We consistently comply with our treasury policies during the procedures of managing the relevant departments as well as of 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 systems. 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 applying RMB. Bank and cash balances denominated in Hong Kong dollars were equivalent to approximately RMB163.8 million as at 30 June 2023 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 2023, our Group had 940 employees (as at 31 December 2022: 912 employees). For the six months ended 30 June 2023, the aggregate staff costs of the Group amounted to approximately RMB52.0 million (for the six months ended 30 June 2022: approximately RMB51.0 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

Looking forward, the Group will continue to grow organically and focus on asset management services and commercial operational services. The Group will formulate and implement a number of strategies with respect to asset management services, vacant home units and commercial operational services, diversify service offerings, expand the Company's geographic coverage, market shares and property portfolio, and achieve economies of scale, and strive to achieve these objectives from the following four aspects: (i) comprehensive optimization: be user-oriented, and continue to enhance the competitiveness based on strategy, market, product, operation and organization; (ii) quality service: continuously consolidate the basic services, and maintain high satisfaction benchmarking service quality; (iii) further expansion: strengthen regional concentration, and continue to cultivate key cities and core business types; and (iv) extend scope: further breakthrough, continue to cultivate core community value-added services, and create high-quality and professional value-added products.

Committed to the vision to "create desirable and blessed living", the Company focuses on real estate industry chain services and customer value creation, covering four major business segments, namely, property services, commercial operation and management, home furnishing and decoration services, office building and community operation and management, aiming to form a comprehensive industry chain with diversified and established business patterns and transform from a traditional property management company into a service provider for desirable urban living focusing on urban asset operation and dedicated to providing users with a pleasant living experience and creating customer asset value.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OTHERS

### The Yujing Lease Agreements

On 4 November 2022, Chengdu Desun Yuanhong Commercial Management Co., Ltd.\* (成都德商遠泓商業管理有限公司) (“**Desun Yuanhong**”), Chengdu Desun Yongrun Commercial Management Co., Ltd.\* (成都德商永潤商業管理有限公司) (“**Desun Yongrun**”) and Chengdu Dehenghong Commercial Management Co., Ltd.\* (成都德恒鴻商業管理有限公司) (“**Dehenghong**”) (as tenants), which are indirect non wholly-owned subsidiaries of the Company, entered into three lease agreements (the “**Yujing Lease Agreements**”) respectively with Chengdu Desun Gaoxin Real Estate Co., Ltd.\* (成都德商高欣置業有限公司) (“**Desun Gaoxin**”) (as the landlord) in respect of certain Yujing leased properties located at Building 6, No. 158, Guandong 3rd Street, Shuangliu District, Chengdu, the PRC (the “**Yujing Leased Premises**”) for a term of 14 years and 8 months commencing from 8 December 2022 (or from the effective date of the Yujing Lease Agreements upon the fulfillment of the conditions set out therein, whichever is the later) and expiring on 7 August 2037 (subject to extension if the effective date of the Yujing Lease Agreements is later than 8 December 2022). On 4 January 2023, Desun Yuanhong, Desun Yongrun, Dehenghong and Desun Gaoxin entered into the Supplemental Yujing Lease Agreements to extend the long stop date for the Yujing Lease Agreements to become effective (upon satisfaction of the conditions prescribed thereunder) to 31 March 2023 (or such date as the parties to the Yujing Lease Agreements may agree in writing). Desun Gaoxin, which is ultimately controlled by Mr. Zou Kang (a non-executive Director and a controlling shareholder of the Company) and Ms. Zou Jian (a controlling shareholder of the Company). As a result, Desun Gaoxin is an associate of Mr. Zou Kang and Ms. Zou Jian, and hence a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Pursuant to IFRS 16, the leases of the Yujing Leased Premises under the Yujing Lease Agreements will be recognised as right-of-use assets of the Group for an aggregate amount of approximately RMB157.0 million. Accordingly, the transactions contemplated under the Yujing Lease Agreements is regarded as an acquisition of asset under the definition of “transaction” as set out in Rule 14.04(1)(a) of the Listing Rules. As the Yujing Lease Agreements were entered into with Desun Gaoxin, which is a connected person of the Company, the transactions under each of the Yujing Lease Agreements shall be aggregated as a series of transactions for the Company pursuant to Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio as defined under the Listing Rules calculated based on the value of the right-of-use assets recognised by the Group pursuant to IFRS 16 under the Yujing Lease Agreements on an aggregated basis is more than 25% but less than 100%, the transactions contemplated under the Yujing Lease Agreements constitute (i) major transactions of the Company under Chapter 14 of the Listing Rules which are subject to the announcement, circular and Shareholders’ approval requirements under Chapter 14 of the Listing Rules; and (ii) connected transactions of the Company which are subject to reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. For details of the Yujing Lease Agreements and the transactions contemplated thereunder, please refer to the announcements of the Company dated 4 November 2022, 28 November 2022, 15 December 2022, 4 January 2023, 17 January 2023 and 8 February 2023 and the circular of the Company dated 3 March 2023. As at the date of this interim report, the Yujing Lease Agreements were completed.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Lease agreement for premises at Xingke Middle Road of Jinniu District in Chengdu

On 14 June 2023, Chengdu Desun Xinhongdao Business Management Co., Ltd.\* (成都德商新泓道商業管理有限公司) (a non-wholly-owned subsidiary of the Company) as the tenant, Chengdu Xieyong Warehouse Co., Ltd.\* (成都協勇倉儲有限公司) as the landlord and Mr. Ren Kaijun (任開均先生) as the guarantor entered into a lease agreement in respect of the premises located at the second floor and the fourth floor to the thirteenth floor of the Building Three located at No.3 Xingke Middle Road of Jinniu District in Chengdu for a term of 11 years commencing from 10 June 2023 and expiring on 9 June 2034. The total rent payable during the term of the lease under such lease agreement shall be approximately RMB55.1 million (exclusive of property management fees and other utilities charges, such as electricity, water and air conditioning). For details, please refer to the Company's announcement dated 14 June 2023.

### Lease agreement for premises at 1st Wuke West Road of Wuhou District in Chengdu

On 26 June 2023, Sichuan Huitong Jinhong Commercial Management Co., Ltd.\* (四川匯通錦鴻商業管理有限公司) (a non-wholly-owned subsidiary of the Company) as the lessee and Sichuan Gaodeng Global Commercial Management Co., Ltd.\* (四川高登環球商業管理有限公司) as the lessor entered into a lease agreement in respect of the premises located at the first floor to the tenth floor of Building Three of Dingsheng Times (also known as Dingsheng International) located at No.85, 1st Wuke West Road of Wuhou District in Chengdu for a term of 12 years commencing from 21 June 2023 and expiring on 20 June 2035. The total rent payable under such lease agreement is approximately RMB49,950,856 (exclusive of property management fees and other charges) for the 12-year term of lease. For details, please refer to the Company's announcement dated 26 June 2023.

### Subscription for wealth management product

On 29 June 2023, Chengdu Shengcheng City Management Service Co., Ltd\* (成都晟城城市管理服務有限公司) (“**Chengdu Shengcheng**”), an indirect wholly-owned subsidiary of the Company, entered into an agreement with Chengdu Rural Commercial Bank Co., Ltd. (成都農村商業銀行股份有限公司) and has subscribed for the wealth management product in the amount of RMB30,000,000. The subscription was funded by the Group's surplus cash reserves. For details, please refer to the Company's announcement dated 29 June 2023.

### Memorandum and Articles of Association

During the period for the six months ended 30 June 2023, amendments were made to the memorandum and articles of association of the Company (the “**Articles of Association**”) as follows:

On 28 March 2023, the Board proposed to make certain amendments to the Articles of Association, in order to bring them in line with the amendments made to the applicable laws of the Cayman Islands and the Listing Rules, in particular Appendix 3 to the Listing Rules regarding the core shareholder protection standards which became effective on 1 January 2022. Such amendments were approved by the Shareholders at the annual general meeting of the Company held on 21 June 2023. For details, please refer to the Company's announcement dated 28 March 2023 and the circular dated 26 April 2023.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Events after the Reporting Period

The Group had the following events after the Reporting Period:

### *Litigation proceedings*

The Board was recently notified by (1) Chengdu Desun, an indirect wholly owned subsidiary of the Company; and (2) Chengdu Fulang Property Service Co., Ltd.\* (成都福朗物業服務有限公司) (“**Chengdu Fulang**”), a non-wholly owned subsidiary of the Company, that Chengdu Desun and Chengdu Fulang, each as a plaintiff, has respectively filed civil complaints recently. The Group is currently seeking legal advice in respect of the relevant legal proceedings and will enforce its rights proactively. As the litigation proceedings are still in early stage, the Group will closely monitor the effects and impact of the above legal proceedings on the Group. As at the date of this interim report, the Board confirms that the above legal proceedings did not have any material adverse effect on normal operation and financial positions of the Group and the current business and operations of the Company remain normal and stable. For details, please refer to the Company’s announcement dated 22 August 2023.

### *Entering into a capital contribution and cooperation agreement*

On 25 August 2023, Chengdu Desun and Chengdu Shengcheng, being the indirect wholly owned subsidiaries of the Company, entered into a capital contribution and cooperation agreement (the “**Capital Contribution and Cooperation Agreement**”) with Chengdu Airport Industry Xingcheng Investment Development Co., Ltd.\* (成都空港產業興城投資發展有限公司) (“**Chengdu Airport Industry Xingcheng**”), pursuant to which, Chengdu Desun and Chengdu Airport Industry Xingcheng agreed to make capital contribution to Chengdu Shengcheng in cash on the basis of RMB1/registered capital to increase the registered capital of Chengdu Shengcheng from RMB4 million to RMB10 million (the “**Capital Contribution**”). The parties entered into the Capital Contribution and Cooperation Agreement in order to principally engage in commercial asset operation (including but not limited to front planning, merchants commerce leasing and project marketing and promotion), property management (including but not limited to site services, project introduction and inspection), long-term rental apartment operation (including but not limited to product design, operation planning, leasing and operation) and home furnishing services (including but not limited to product design, construction, batch fine decoration and soft decoration). The Capital Contribution to Chengdu Shengcheng by Chengdu Desun and Chengdu Airport Industry Xingcheng will result in a reduction of the Group’s shareholding percentage in Chengdu Shengcheng. Accordingly, Chengdu Shengcheng will cease to be a subsidiary of the Company upon the completion of the Capital Contribution and its financial results will no longer be consolidated into the consolidated financial statements of the Group. For details, please refer to the Company’s announcement dated 25 August 2023.

### *Investment in the digital creative base project in Sichuan Tianfu New District*

On 28 August 2023, the Company entered into an investment and service agreement with Sichuan Tianfu New District Management Committee (四川天府新區管理委員會) and Qingdao Shuzhi Wufeng Technology Co., Ltd.\* (青島數智無鋒科技有限公司) (“**QD Wufeng**”) for the digital creative base project, pursuant to which the Company and QD Wufeng proposed to jointly invest in the digital creative base project (the “**Project**”) at the area under the direct jurisdiction of Chengdu of Sichuan Tianfu New District. The initial planning area of the Project is approximately 20,000 square meters, which is positioned to build “an important national-level television entertainment live broadcast industry base”. For details, please refer to the Company’s announcement dated 28 August 2023.

Save as disclosed above, there are no material events affecting the Company or any of its subsidiaries after 30 June 2023 and up to the date of this interim report (i.e. 30 August 2023).

# 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 2023 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 2023.

## CHANGE IN DIRECTORS' AND CHIEF EXECUTIVE'S INFORMATION

As at 30 August 2023, Ms. Xiong Jianqiu, an executive Director, resigned as the chief financial officer of the Company. For details, please refer to the Company's announcement dated 30 August 2023.

After making specific enquiries by the Company and confirmed by the Directors and chief executive, save as disclosed above, no 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 2023, 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 <sup>(1)</sup>	Approximate percentage of shareholding interest in the Company as at 30 June 2023 (%) <sup>(1)</sup>
Mr. Zou Kang	Interest in controlled corporation; interest held jointly with another person <sup>(2) &amp; (3)</sup>	389,673,000 (L)	62.82%
Mr. Zhang Zhicheng	Interest in controlled corporation <sup>(4)</sup>	22,500,000 (L)	3.63%
Ms. Xiong Jianqiu	Beneficial owner <sup>(5)</sup>	1,765,000 (L)	0.28%
Ms. Wan Hong	Beneficial owner <sup>(6)</sup>	1,765,000 (L)	0.28%
Mr. Shao Jiazhen	Beneficial owner <sup>(7)</sup>	4,011,000 (L)	0.65%
Mr. Liu Jun	Beneficial owner <sup>(8)</sup>	4,011,000 (L)	0.65%

Notes:

- As at 30 June 2023, the Company had issued 620,259,200 Shares in total. The letter "L" denotes the person's long position in the Shares.
- 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 2023, 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 62.82% of the issued share capital of the Company.
- These 389,673,000 Shares in which Mr. Zou Kang is interested consist of (i) 372,393,000 Shares held by Sky Donna, 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.
- 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.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

5. Ms. Xiong Jianqiu is interested in 1,765,000 Shares, including 1,059,000 Shares held by her and 706,000 Shares corresponding to the outstanding Pre-IPO Share Options, 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. On 27 July 2022 and 14 June 2023, Ms. Xiong Jianqiu exercised the Pre-IPO Shares Options that had been vested to her, and accordingly, 529,500 Shares and 529,500 Shares were issued to Ms. Xiong Jianqiu on the aforesaid dates, respectively.
6. Ms. Wan Hong is interested in 1,765,000 Shares, including 1,059,000 Shares held by her and 706,000 Shares corresponding to the outstanding Pre-IPO Share Options, 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. On 27 July 2022 and 14 June 2023, Ms. Wan Hong exercised the Pre-IPO Shares Options that had been vested to her, and accordingly, 529,500 Shares and 529,500 Shares were issued to Ms. Wan Hong on the aforesaid dates, respectively.
7. Mr. Shao Jiazhen is interested in 4,011,000 Shares , including 2,406,600 Shares held by him and 1,604,400 Shares corresponding to the outstanding Pre-IPO Share Options, which may be allotted and issued to him upon full exercise of all Pre-IPO Share Options granted to him, subject to the terms of grant of the Pre-IPO Share Options. On 27 July 2022 and 14 June 2023, Mr. Shao Jiazhen exercised the Pre-IPO Shares Options that had been vested to him, and accordingly, 1,203,300 Shares and 1,203,300 Shares were issued to Mr. Shao Jiazhen on the aforesaid dates, respectively.
8. Mr. Liu Jun is interested in 4,011,000 Shares, including 2,406,600 Shares held by him and 1,604,400 Shares corresponding to the outstanding Pre-IPO Share Options, which may be allotted and issued to him upon full exercise of all Pre-IPO Share Options granted to him, subject to the terms of grant of the Pre-IPO Share Options. On 27 July 2022 and 14 June 2023, Mr. Liu Jun exercised the Pre-IPO Shares Options that had been vested to him, and accordingly, 1,203,300 Shares and 1,203,300 Shares were issued to Mr. Liu Jun on the aforesaid dates, respectively.

### 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 <sup>(Note)</sup>	Approximate percentage of interest in the associated corporation as at 30 June 2023 (%)
Mr. Zou Kang	Beneficial owner	Sky Donna	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 2023, 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.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 June 2023, 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 <sup>(1)</sup>	Approximate percentage of shareholding interest in the Company as at 30 June 2023 (%) <sup>(1)</sup>
Sky Donna	Beneficial owner; interest held jointly with another person <sup>(2) &amp; (3)</sup>	389,673,000 (L)	62.82%
Ms. Zou Jian	Interest of corporation controlled by you; interest held jointly with another person <sup>(4)</sup>	389,673,000 (L)	62.82%
Pengna Holding	Beneficial owner; interest held jointly with another person <sup>(4)</sup>	389,673,000 (L)	62.82%

Notes:

- As at 30 June 2023, the Company had issued 620,259,200 Shares in total. The letter "L" denotes the person's long position in the Shares.
- On 11 May 2021, Mr. Zou Kang and Ms. Zou Jian entered into 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 2023, 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 62.82% of the issued share capital of the Company.
- These 389,673,000 Shares in which Sky Donna (a company wholly-owned by Mr. Zou Kang) is interested consist of (i) 372,393,000 Shares held by Sky Donna; and (ii) 17,280,000 Shares in which Sky Donna is deemed to be interested as a result of the Concert Parties Confirmatory Deed entered into between Mr. Zou Kang and Mr. Zou Jian.
- These 389,673,000 Shares in which Ms. Zou Jian is interested consist of (i) 17,280,000 Shares held by Pengna Holding, 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 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.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, as at 30 June 2023, 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 Reporting 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. For details of the terms of the Pre-IPO Share Option Scheme, please refer to Appendix V to 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. 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 2023, 6,931,200 Pre-IPO Share Options have been exercised, and a total of 4,620,800 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 0.74% of the issued Shares as at 30 June 2023.

No further Pre-IPO Share Options could be granted under the Pre-IPO Share Option Scheme, therefore there was no share option available for grant under the scheme mandate and the service provider sublimit at 1 January 2023 and 30 June 2023.

## 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	Total number of Share Options granted under the Pre-IPO Share Option Scheme			Exercise Price (RMB)	Number of outstanding Share Options as at 1 January 2023	Number of Share Options Granted during the Reporting Period	Number of Share Options Exercised during the Reporting Period	Number of Share Options Cancelled/ Lapsed during the Reporting Period	Number of outstanding Share Options as at 30 June 2023
		Scheme (Note 1)	Vesting date (Note 1)	Exercisable period						
Mr. Liu Jun (Executive Director) (Note 3, 4)	27/04/2021	1,203,300	17/12/2021	17/12/2021-17/12/2027	0.420	nil	—	—	—	nil
		1,203,300	17/12/2022	17/12/2022-17/12/2027	0.420	1,203,300	—	1,203,300	—	nil
		802,200	17/12/2023	17/12/2023-17/12/2027	0.420	802,200	—	—	—	802,200
		401,100	17/12/2024	17/12/2024-17/12/2027	0.420	401,100	—	—	—	401,100
		401,100	17/12/2025	17/12/2025-17/12/2027	0.420	401,100	—	—	—	401,100
Mr. Shao Jiazhen (Executive Director) (Note 3, 4)	27/04/2021	1,203,300	17/12/2021	17/12/2021-17/12/2027	0.420	nil	—	—	—	nil
		1,203,300	17/12/2022	17/12/2022-17/12/2027	0.420	1,203,300	—	1,203,300	—	nil
		802,200	17/12/2023	17/12/2023-17/12/2027	0.420	802,200	—	—	—	802,200
		401,100	17/12/2024	17/12/2024-17/12/2027	0.420	401,100	—	—	—	401,100
		401,100	17/12/2025	17/12/2025-17/12/2027	0.420	401,100	—	—	—	401,100
Ms. Xiong Jianqiu (Executive Director) (Note 3, 4)	27/04/2021	529,500	17/12/2021	17/12/2021-17/12/2027	0.420	nil	—	—	—	nil
		529,500	17/12/2022	17/12/2022-17/12/2027	0.420	529,500	—	529,500	—	nil
		353,000	17/12/2023	17/12/2023-17/12/2027	0.420	353,000	—	—	—	353,000
		176,500	17/12/2024	17/12/2024-17/12/2027	0.420	176,500	—	—	—	176,500
		176,500	17/12/2025	17/12/2025-17/12/2027	0.420	176,500	—	—	—	176,500
Ms. Wan Hong (Executive Director and joint company secretary) (Note 3, 4)	27/04/2021	529,500	17/12/2021	17/12/2021-17/12/2027	0.420	nil	—	—	—	nil
		529,500	17/12/2022	17/12/2022-17/12/2027	0.420	529,500	—	529,500	—	nil
		353,000	17/12/2023	17/12/2023-17/12/2027	0.420	353,000	—	—	—	353,000
		176,500	17/12/2024	17/12/2024-17/12/2027	0.420	176,500	—	—	—	176,500
		176,500	17/12/2025	17/12/2025-17/12/2027	0.420	176,500	—	—	—	176,500
Total		<u>11,552,000</u>				<u>8,086,400</u>		<u>3,465,600</u>		<u>4,620,800</u>

## 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 performance is assessed based on the criteria set out in the “Implementation of the assessment and management of the Pre-IPO Share Option Scheme” (公开发售前购股权计划实施考核管理办法) adopted by the Company.

2. Since the Company’s shares have not been listed when these Share Options were granted, therefore, there was no closing price of the Company’s shares immediately before the date of grant.
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 closing price of the Company’s shares immediately before the date of exercise for share options was HK\$1.18.
4. On 14 June 2023, 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 closing price of the Company’s shares immediately before the date of exercise for share options was HK\$0.94.

The number of shares that may be issued in respect of options granted under all scheme of the Company divided by the weighted average number of shares of the relevant class in issue the reporting period is 0.75%.

The value 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

During the six months ended 30 June 2023, 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\$176.1 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. During the Reporting Period, the proceeds have been utilized for the purposes disclosed in the Prospectus.

Reference is made to the announcement of the Company dated 30 August 2023. Taking into account the Company’s latest business strategy, market conditions and the latest estimate of the time required for each business project to meet the requirements for the stable and sustainable development of each business project, the Board has resolved on 30 August 2023 to (i) change the intended use of Net Proceeds for “strategic investments and acquisitions to expand the Group’s property management and commercial operational businesses” to “strategic investments and acquisitions to expand the Group’s property management and commercial operational businesses, office building and community operation and management and home furnishing and decoration services”; and (ii) revise the intended timetable for use of the unutilized Net Proceeds (the “**Proposed Change**”). Details of the intended use and the utilization of the Net Proceeds after the Proposed Change 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 2023 (HK\$ million)	Amount utilized from 1 January 2023 to 30 August 2023 (HK\$ million)	Amount of unutilized Net Proceeds as of 30 August 2023 (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, office building and community operation and management and home furnishing and decoration services	105.7	60%	105.7	0	105.7	December 2025
(ii) Investing in information technology systems and human resources to support information technology systems	35.2	20%	33.9	0.7	33.2	—
• upgrading and developing the Group’s internal information technology system						
o Upgrade financial operation center	1.8	1%	1.7	0.1	1.6	December 2024
o Upgrade property management system including management fee payment system, operation system, marketing system and resources management system	3.5	2%	2.9	0.4	2.5	December 2024
o Upgrade cloud infrastructure	3.5	2%	3.4	0	3.4	December 2024
• 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%	8.2	0.1	8.1	December 2024
o Develop BI digital operation center	10.2	6%	10.2	0	10.2	December 2024
o Develop artificial intelligence commercial operation service system and hardware	7.4	4%	7.4	0	7.4	December 2024
(iii) Recruiting and cultivating talents, including management and professionals for our principal business	17.6	10%	11.4	7.2	4.2	December 2023
(iv) Working capital and for general corporate uses	17.6	10%	13.5	3.6	9.9	December 2024
<b>Total</b>	<b>176.1</b>	<b>100%</b>	<b>164.5</b>	<b>11.5</b>	<b>153</b>	<b>—</b>

## CORPORATE GOVERNANCE AND OTHER INFORMATION

The Company will utilize the Net Proceeds from the Global Offering in accordance with the intended purposes as set out in the Prospectus and the Company's announcement dated 30 August 2023.

### 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 2023.

# 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 30 to 54, 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 2023 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

30 August 2023

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

For the six months ended 30 June 2023

	Notes	For the six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>REVENUE</b>	4	<b>148,750</b>	126,008
Cost of sales		<u>(103,564)</u>	<u>(81,626)</u>
Gross profit		45,186	44,382
Other income and gains	4	7,308	9,109
Administrative expenses		(22,336)	(22,692)
Provision for impairment losses on trade receivables, net	6	(5,193)	(256)
Provision for impairment losses on financial assets included in prepayments, deposits and other receivables, net	6	(302)	(167)
Other expenses		(299)	(257)
Interest expenses	5	(2,864)	(12)
Share of profit of an associate		100	—
<b>PROFIT BEFORE TAX</b>	6	<b>21,600</b>	30,107
Income tax expense	7	<u>(3,381)</u>	<u>(4,131)</u>
<b>PROFIT FOR THE PERIOD</b>		<u><b>18,219</b></u>	<u>25,976</u>
<b>OTHER COMPREHENSIVE INCOME</b>		<u>—</u>	<u>—</u>
<b>PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<u><b>18,219</b></u>	<u>25,976</u>
Attributable to:			
Owners of the parent		17,860	25,796
Non-controlling interests		<u>359</u>	<u>180</u>
		<u><b>18,219</b></u>	<u>25,976</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic	9	<u><b>RMB2.89 cents</b></u>	<u>RMB4.21 cents</u>
Diluted	9	<u><b>RMB2.88 cents</b></u>	<u>RMB4.18 cents</u>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

	Notes	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property and equipment	10	57,801	21,088
Investment properties	10	261,407	2,830
Goodwill		9,179	9,179
Other intangible assets	10	6,644	7,061
Investment in an associate		238	138
Deferred tax assets		4,859	4,082
Prepayments, deposits and other receivables	12	5,082	463
Restricted deposits	13	281	—
Total non-current assets		345,491	44,841
<b>CURRENT ASSETS</b>			
Inventories		15,244	16,840
Trade receivables	11	147,205	113,900
Prepayments, deposits and other receivables	12	28,438	26,306
Financial assets at fair value through profit or loss		30,000	—
Cash and cash equivalents	13	206,538	248,236
Total current assets		427,425	405,282
<b>CURRENT LIABILITIES</b>			
Trade payables	14	27,884	25,542
Other payables and accruals	15	95,630	79,518
Contract liabilities		43,415	31,703
Lease liabilities		4,791	—
Tax payable		7,643	7,950
Dividend payable	8	31,510	—
Total current liabilities		210,873	144,713
<b>NET CURRENT ASSETS</b>		216,552	260,569
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		562,043	305,410

continued/...



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

	Notes	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
<b>NON-CURRENT LIABILITIES</b>			
Other payables and accruals	15	18,553	5,174
Contract liabilities		677	715
Lease liabilities		252,839	—
Deferred tax liabilities		1,090	874
Total non-current liabilities		273,159	6,763
<b>NET ASSETS</b>			
		288,884	298,647
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Issued capital	16	393	391
Reserves		285,860	296,557
		286,253	296,948
Non-controlling interests		2,631	1,699
<b>Total equity</b>		<b>288,884</b>	<b>298,647</b>

**Zhang Zhicheng**  
Director

**Xiong Jianqiu**  
Director

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to owners of the parent								
	Issued capital	Share premium*	Capital reserve*	Statutory surplus reserve*	Share option reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023 (audited)	391	142,558	24,250	15,031	4,274	110,444	296,948	1,699	298,647
Profit and total comprehensive income for the period	—	—	—	—	—	17,860	17,860	359	18,219
Exercise of options	2	4,662	—	—	(3,334)	—	1,330	—	1,330
Equity-settled share option arrangements, net of reversal	—	—	—	—	(403)	—	(403)	—	(403)
Disposal of a subsidiary	—	—	—	—	—	—	—	75	75
Equity contribution from the non-controlling shareholders of subsidiaries (note 17(a))	—	—	518	—	—	—	518	498	1,016
Transfer from retained profits	—	—	—	1,982	—	(1,982)	—	—	—
Final 2022 dividend declared	—	(30,000)	—	—	—	—	(30,000)	—	(30,000)
At 30 June 2023 (unaudited)	<u>393</u>	<u>117,220</u>	<u>24,768</u>	<u>17,013</u>	<u>537</u>	<u>126,322</u>	<u>286,253</u>	<u>2,631</u>	<u>288,884</u>
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	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>

\* These reserve accounts comprise the reserves of RMB285,860,000 and RMB296,557,000 in the interim condensed consolidated statements of financial position as at 30 June 2023 and 31 December 2022, respectively.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Notes	For the six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		21,600	30,107
Adjustments for:			
Depreciation of property and equipment	10	990	25
Depreciation of right-of-use assets	10	—	355
Depreciation of investment properties	10	3,577	96
Amortisation of other intangible assets	10	516	674
Share of profit of an associate		(100)	—
Bank interest income	4	(3,109)	(2,099)
Interest expenses	5	2,864	12
Loss on disposal of items of equipment	10	1	—
Provision for impairment losses on trade receivables, net		5,193	256
Provision for impairment losses on financial assets included in prepayments, deposits and other receivables, net		302	167
Foreign exchange gains, net	4	(3,559)	(6,603)
Equity-settled share option expense/(equity-settled share option expense, net of reversal)	6	(403)	1,684
Loss on disposal of a subsidiary		75	6
		<u>27,947</u>	<u>24,680</u>
Increase/(decrease) in inventories		1,596	(199)
Increase in trade receivables		(39,328)	(29,214)
Increase in prepayments, deposits and other receivables		(8,882)	(6,791)
Increase in restricted deposits		(281)	—
Increase in trade payables		2,342	7,626
Increase/(decrease) in other payables and accruals		8,539	(5,254)
Increase in contract liabilities		11,674	551
		<u>3,607</u>	<u>(8,601)</u>
Cash generated from/(used in) operations		3,607	(8,601)
Interest received		3,109	1,900
Income tax paid		(4,160)	(7,716)
		<u>2,556</u>	<u>(14,417)</u>

continued/...

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Notes	For the six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of items of property and equipment		(29,154)	(42)
Addition to other intangible assets		(99)	(223)
Purchase of financial assets at fair value through profit or loss		(30,000)	—
Loan to a related party		(2,000)	—
Disposal of a subsidiary		—	(263)
		<u>          </u>	<u>          </u>
Net cash flows used in investing activities		<u>(61,253)</u>	<u>(528)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		—	12,092
Advances and loans from non-controlling shareholders of subsidiaries		13,980	—
Proceeds from exercise of options		1,330	—
Share issue expenses		—	(302)
Principal portion of the lease liabilities		(1,370)	(317)
Interest portion of the lease liabilities		(99)	(12)
Deposits paid for leases		(1,506)	—
Initial direct cost related to a lease		(405)	—
Capital contribution by non-controlling shareholders of subsidiaries		—	300
		<u>          </u>	<u>          </u>
Net cash flows from financing activities		<u>11,930</u>	<u>11,761</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of period		248,236	251,063
Effect of foreign exchange rate changes, net		5,069	6,603
		<u>          </u>	<u>          </u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<u><u>206,538</u></u>	<u><u>254,482</u></u>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

## 1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 (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 2022.

## 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 2022, except for the adoption of the following new and revised International Financial Reporting Standards (“IFRSs”) for the first time for the current period’s financial information.

IFRS 17	<i>Insurance Contracts</i>
Amendments to IAS 17	<i>Insurance Contracts</i>
Amendment to IFRS 17	<i>Initial Application of IFRS 17 and IFRS 9 – Comparative Information</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

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

## 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has four reportable operating segments as follows:

- (a) Property services segment, which mainly includes property management services and other value-added services;
- (b) Commercial operation and management segment, which mainly includes commercial operational services, commercial property management and other related services;
- (c) Home furnishing and decoration services segment, which mainly includes home furnishing, home refurbishment and decoration services; and
- (d) Office building and community operation and management segment mainly engages in office building sublease services and co-operative operations.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

## 3. OPERATING SEGMENT INFORMATION *(continued)*

In previous years/periods, the board of directors focused on the operating results of the Group as a whole and no discrete operating segment information is available. During the Period, management reorganised the structure of the Group, and monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Due to the changes in the composition of segments during the Period, the operating segment information for the six months ended 30 June 2022 was also restated.

### For the six months ended 30 June 2023

	Property services RMB'000 (Unaudited)	Commercial operation and management RMB'000 (Unaudited)	Home furnishing and decoration services RMB'000 (Unaudited)	Office building and community operation and management RMB'000 (Unaudited)	Elimination of intersegment sales RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Segment revenue</b> (note 4)						
Sales to external customers	104,280	16,758	15,128	12,584	—	148,750
Intersegment sales	700	—	1,376	—	(2,076)	—
	<u>104,980</u>	<u>16,758</u>	<u>16,504</u>	<u>12,584</u>	<u>(2,076)</u>	<u>148,750</u>
<b>Segment results</b>	<u>27,138</u>	<u>3,100</u>	<u>(2,193)</u>	<u>(111)</u>	<u>(110)</u>	27,824
Reconciliation:						
Unallocated income and gains						7,308
Corporate and other unallocated expenses						<u>(13,532)</u>
Profit before tax						<u><u>21,600</u></u>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

## 3. OPERATING SEGMENT INFORMATION *(continued)*

For the six months ended 30 June 2022

	Property services RMB'000 (Unaudited)	Commercial operation and management RMB'000 (Unaudited)	Home furnishing and decoration services RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Segment revenue</b> (note 4)	100,342	16,356	9,310	126,008
<b>Segment results</b>	33,826	1,930	2,236	37,992
Reconciliation:				
Unallocated income and gains				9,109
Corporate and other unallocated expenses				(16,994)
Profit before tax				<u>30,107</u>

No analysis of segment assets and liabilities is presented as management does not regularly review such information for the purpose of resource allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

### *Geographical information*

During the Period, the Group operated within one geographical location because all of its revenue was generated in the PRC and all of its long-term assets/capital expenditure were located/incurred in the PRC. Accordingly, no geographical information is presented.

### *Information about a major customer*

During the Period, revenue from contracts with customers of approximately RMB26,473,000 (For the six months ended 30 June 2022: RMB40,935,000) 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 the "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 2023.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

## 4. REVENUE, OTHER INCOME AND GAINS

### Revenue

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<i>Revenue from contracts with customers</i>	139,247	126,008
<i>Revenue from other sources</i>		
Gross rental income	9,503	—
	<u>148,750</u>	<u>126,008</u>

Disaggregated revenue information for revenue from contracts with customers:

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Property services	104,280	100,342
Commercial operation and management	16,758	16,356
Home furnishing and decoration services	15,128	9,310
Office building and community operation and management	3,081	—
	<u>139,247</u>	<u>126,008</u>

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	4,985	—
Services transferred over time	123,211	112,010
Services transferred at a point in time	11,051	13,998
	<u>139,247</u>	<u>126,008</u>



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

## 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	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Other income</b>		
Government grants	243	73
Additional input value-added tax deduction	192	121
Bank interest income	3,109	2,099
Others	205	213
	<u>3,749</u>	<u>2,506</u>
<b>Gains</b>		
Foreign exchange gains, net	3,559	6,603
	<u>7,308</u>	<u>9,109</u>

## 5. INTEREST EXPENSES

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

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Interest on lease liabilities	2,133	12
Interest on loans from related parties	731	—
	<u>2,864</u>	<u>12</u>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

## 6. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Cost of services provided	100,366	81,626
Cost of goods sold	3,198	—
Provision for impairment losses on trade receivables, net	5,193	256
Provision for impairment losses on prepayments, deposits and other receivables, net	302	167
Equity-settled share option expense/(equity-settled share option expense, net of reversal)	(403)	1,684
Auditors' remuneration	500	500
Foreign exchange gains, net	(3,559)	(6,603)

## 7. INCOME TAX

The major components of corporate income tax expense for the Period and for the six months ended 30 June 2022 of the Group are as follows:

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Current — Mainland China		
Charge for the period	3,976	5,072
Overprovision in prior periods	(34)	(298)
Deferred tax	(561)	(643)
Total tax charge for the period	3,381	4,131

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 2022.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

## 7. INCOME TAX (continued)

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 the six months ended 30 June 2022.

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 are entitled to a preferential CIT rate of 15% until 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 the six months ended 30 June 2022.

## 8. DIVIDENDS

At the meeting of the board of directors held on 30 August 2023, the board of directors did not recommend any payment of an interim dividend (six months ended 30 June 2022: Nil).

The proposed final dividend of RMB0.0483 per ordinary share for the year ended 31 December 2022 (2021: nil) was declared during the Period and fully paid on 18 August 2023.

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

Basic earnings per share is calculated by dividing the profit for the Period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares. Diluted earnings per share is calculated by dividing the profit for the Period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares. The calculations of basic and diluted earnings per share are based on:

	<b>For the six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	<u>17,860</u>	<u>25,796</u>
		<b>Number of shares</b>
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the Period used in the basic earnings per share	<u>617,119,098</u>	613,031,822
Effect of dilution — weighted average number of ordinary shares:		
— Share options	<u>2,733,755</u>	<u>3,758,829</u>
	<u>619,852,853</u>	<u>616,790,651</u>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

## 10. PROPERTY AND EQUIPMENT, INVESTMENT PROPERTIES AND OTHER INTANGIBLE ASSETS

	Property and equipment RMB'000	Investment properties RMB'000	Other intangible assets RMB'000
Carrying amounts at 1 January 2023 (audited)	21,088	2,830	7,061
Additions	37,704	262,154	99
Depreciation/amortisation provided during the period	(990)	(3,577)	(516)
Written off	(1)	—	—
Carrying amounts at 30 June 2023 (unaudited)	<b>57,801</b>	<b>261,407</b>	<b>6,644</b>

## 11. TRADE RECEIVABLES

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Related parties (note 17(b))	98,077	85,185
Third parties	82,565	56,959
Impairment	(33,437)	(28,244)
	<b>147,205</b>	<b>113,900</b>

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 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Within 1 year	104,207	73,834
1 to 2 years	37,984	38,324
2 to 3 years	4,142	1,395
Over 3 years	872	347
	<b>147,205</b>	<b>113,900</b>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

## 12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
<i>Current portion:</i>			
Due from related parties	17(b)	2,249	7,637
Deposits	(a)	9,229	6,959
Staff advances		1,736	614
Property management costs recoverable from residents		4,523	3,395
Payments on behalf of residents	(b)	1,512	1,274
Cash in transit		1,033	1,810
Other receivables		3,798	2,559
Prepaid expenses		8,428	5,826
		<u>32,508</u>	<u>30,074</u>
Impairment allowance		<u>(4,070)</u>	<u>(3,768)</u>
		<u>28,438</u>	<u>26,306</u>
<i>Non-current portion:</i>			
Due from related parties	17(b)	2,736	—
Deposits	(a)	1,466	—
Prepaid expenses		880	—
Prepayment of leasehold improvements		—	463
		<u>5,082</u>	<u>463</u>
		<u>33,520</u>	<u>26,769</u>

Notes:

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

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

## 13. CASH AND CASH EQUIVALENTS

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Cash and bank balances	206,819	248,236
<i>Less:</i>		
Pledged deposits for performance guarantee, non-current	281	—
Cash and cash equivalents	<u>206,538</u>	<u>248,236</u>

At 30 June 2023, other than the cash and bank balances denominated in HKD amounting to RMB163,783,000 (31 December 2022: RMB156,620,000), 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, the 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.

## 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 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Within 3 months	19,140	21,343
3 to 12 months	6,644	2,893
Over 1 year	2,100	1,306
	<u>27,884</u>	<u>25,542</u>

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

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

## 15. OTHER PAYABLES AND ACCRUALS

	Notes	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
<i>Current portion:</i>			
Due to related parties	17(b)	1,551	135
Payables for purchase of property and equipment		20,345	11,986
Receipts on behalf from community residents	(a)	15,390	14,135
Payroll and social insurance payables		33,194	34,098
Deposits received		11,949	7,035
Other tax payable		6,426	4,760
Other payables and accrued expenses		6,775	7,369
		<u>95,630</u>	<u>79,518</u>
<i>Non-current portion:</i>			
Due to related parties	17(b)	18,553	5,174
		<u>18,553</u>	<u>5,174</u>
		<u>114,183</u>	<u>84,692</u>

Note:

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

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 16. SHARE CAPITAL

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
<b>Number of ordinary shares</b>		
Authorised:		
Ordinary shares of USD0.0001	<u>2,000,000,000</u>	<u>2,000,000,000</u>
Issued:		
Fully paid ordinary shares of USD0.0001	<u>620,259,200</u>	<u>616,793,600</u>
	30 June 2023 RMB (Unaudited)	31 December 2022 RMB (Audited)
<b>Amounts</b>		
Issued and fully paid ordinary shares of USD0.0001	<u>395,260</u>	<u>392,780</u>
Equivalent to approximately (RMB'000)	<u>393</u>	<u>391</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 2023		616,793,600	392,780
Exercise of share options	(a)	3,465,600	2,480
As at 30 June 2023		<u>620,259,200</u>	<u>395,260</u>

Note:

- (a) The subscription rights attaching to 3,465,600 share options were exercised at the subscription price of HKD0.42 per share, resulting in the issue of 3,465,600 ordinary shares for a total cash consideration, before expenses, of approximately RMB1,330,000. An amount of RMB3,334,000 was transferred from the share option reserve to share premium account upon the exercise of share options.



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

## 17. RELATED PARTY TRANSACTIONS AND BALANCES

### (a) Transactions with related parties

On 22 March 2023, the Yujing Lease Agreements among Chengdu Desun Yongrun Commercial Management Co., Ltd. (成都德商永潤商業管理有限公司), Chengdu Desun Yuanhong Commercial Management Co., Ltd. (成都德商遠泓商業管理有限公司), Chengdu Dehenghong Commercial Management Co., Ltd. (成都德商恒鴻商業管理有限公司) and Chengdu Desun Gaoxin Real Estate Co., Ltd. (成都德商高欣置業有限公司) became effective, which provided a lease term of 14 years and 8 months, with a monthly rent of approximately RMB1,350,500 (inclusive of value-added tax) for the first three years of the lease term, with an increase of approximately 5% for every three years thereafter. Further details of the above lease agreements can be found in the Company's circular dated 3 March 2023 *Major and connected transactions in relation to the Yujing Lease Agreements*.

In addition to the above, the Group had other transactions with related parties during the Period as follows:

	<b>For the six months ended 30 June</b>	
	<b>2023</b> <b>RMB'000</b> <b>(Unaudited)</b>	<b>2022</b> <b>RMB'000</b> <b>(Unaudited)</b>
Rendering of property management services and value-added services	26,472	40,935
Purchase of inventories	220	—
Lease payments for office premises	363	363
Loan to a related party	2,000	—
Loans from related parties	<u>13,379</u>	<u>—</u>

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

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

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

### (b) Balances with related parties

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

#### *Due from related parties*

	Notes	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Trade in nature		98,077	85,185
Impairment		<u>(21,492)</u>	<u>(21,285)</u>
		<u>76,585</u>	<u>63,900</u>
Non-trade in nature			
— Fellow Entities	(i)	2,985	7,637
— Non-controlling shareholder of a subsidiary	(ii)	<u>2,000</u>	<u>—</u>
		<u>4,985</u>	<u>7,637</u>
		<u>81,570</u>	<u>71,537</u>
Analysed into:			
— Current portion		78,834	71,537
— Non-current portion		<u>2,736</u>	<u>—</u>
		<u>81,570</u>	<u>71,537</u>

Notes:

- (i) Non-trade amounts due from the Fellow Entities were unsecured, interest free and had no fixed terms of repayment as at 30 June 2023.
- (ii) The non-trade amount due from the non-controlling shareholder of a subsidiary is an unsecured loan due for repayment in December 2025, and bears interest at the rate of 12% per annum.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

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

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

#### *Due to related parties*

	Notes	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Non-trade nature:			
– Fellow Entities	(i)	1,551	135
– Non-controlling shareholders of subsidiaries	(ii)	18,553	5,174
		<u>20,104</u>	<u>5,309</u>
Analysed into:			
– Current portion		1,551	135
– Non-current portion		18,553	5,174
		<u>20,104</u>	<u>5,309</u>

Notes:

- (i) The non-trade amounts due to the Fellow Entities are unsecured, interest-free and have no fixed terms of repayment.
- (ii) Other than an amount of RMB8,446,000, which is unsecured, interest-free and due for repayment on 31 August 2025, the remaining balances due to non-controlling shareholders of subsidiaries are unsecured loans with repayment due between December 2025 and June 2026, and bear interest at a rate of 12% per annum.

#### *Lease liabilities due to a related party*

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
A fellow entity	<u>167,099</u>	<u>—</u>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

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

### (c) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Salaries, allowances and benefits in kind	2,699	2,898
Equity-settled share option expense, net of reversal/(equity-settled share option expense, net of reversal)	(403)	1,684
Pension scheme contributions	210	293
Total compensation paid to key management personnel	<u>2,506</u>	<u>4,875</u>

## 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 2023	0.42	8,086,400
Forfeited during the Period	0.42	(2,310,400)
Exercised during the year	0.42	(3,465,600)
At 30 June 2023	<u>0.42</u>	<u>2,310,400</u>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

## 18. SHARE OPTION SCHEME *(continued)*

### (b) Outstanding share options

The following table discloses the details of the share options outstanding at 30 June 2023:

Numbers of share options	Exercise price per share (HKD)	Fair value per share (HKD)	Exercise period
1,155,200	0.42	1.18	17 December 2024 to 17 December 2027
1,155,200	0.42	1.19	17 December 2025 to 17 December 2027
<u>2,310,400</u>			

## 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 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
<b><i>Financial assets at amortised cost</i></b>		
Cash and cash equivalents	206,538	248,236
Restricted deposits	281	—
Financial assets at fair value through profit or loss	30,000	—
Financial assets included in prepayments, deposits and other receivables	24,212	20,480
Trade receivables	<u>147,205</u>	<u>113,900</u>
	<u>408,236</u>	<u>382,616</u>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

## 19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

### Financial liabilities

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
<b><i>Financial liabilities at amortised cost</i></b>		
Trade payables	27,884	25,542
Lease liabilities	257,630	—
Financial liabilities included in other payables and accruals	74,563	33,848
	360,077	59,390

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.

The fair values of the non-current portion of restricted deposits, prepayments, deposits and other receivables, other payables and accruals, and lease liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for the non-current portion of restricted deposits, prepayments, deposits and other receivables, other payables and accruals, and lease liabilities as at 30 June 2023 were assessed to be insignificant.

As at 30 June 2023, bank financial products are classified as financial assets at fair value through profit or loss and are measured at fair value in Level 2 of the hierarchy.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

## 20. EVENTS AFTER THE REPORTING PERIOD

In August 2023, two of the Group's subsidiaries (1) Chengdu Desun Real Estate Investment Property Service Co., Ltd (成都德商產投物業服務有限公司) ("Chengdu Desun"), an indirect wholly owned subsidiary of the Company; and (2) Chengdu Fulang Property Service Co., Ltd. (成都福朗物業服務有限公司) ("Chengdu Fulang"), a non-wholly owned subsidiary of the Company, each as a plaintiff, has respectively filed civil complaints recently, the amount involved in the above two lawsuits are RMB4,173,850.42 and RMB2,376,925.21, respectively. The Group is currently seeking legal advice in respect of the relevant legal proceedings and will enforce its rights proactively. As the litigation proceedings are still in early stage, the Group will closely monitor the effects and impact of the above legal proceedings on the Group, and the board of directors confirms that the above legal proceedings did not have any material adverse effect on normal operation and financial positions of the Group and the current business and operations of the Company remain normal and stable. For details, please refer to the Company's announcement dated 22 August 2023.

## 21. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 30 August 2023.